

# *The* NATIONAL UNDERWRITER



*REINSURANCE makes a basic contribution  
to the strength of the Insurance Industry*



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Largest American multiple line market  
dealing exclusively in Reinsurance

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Casualty • Fidelity  
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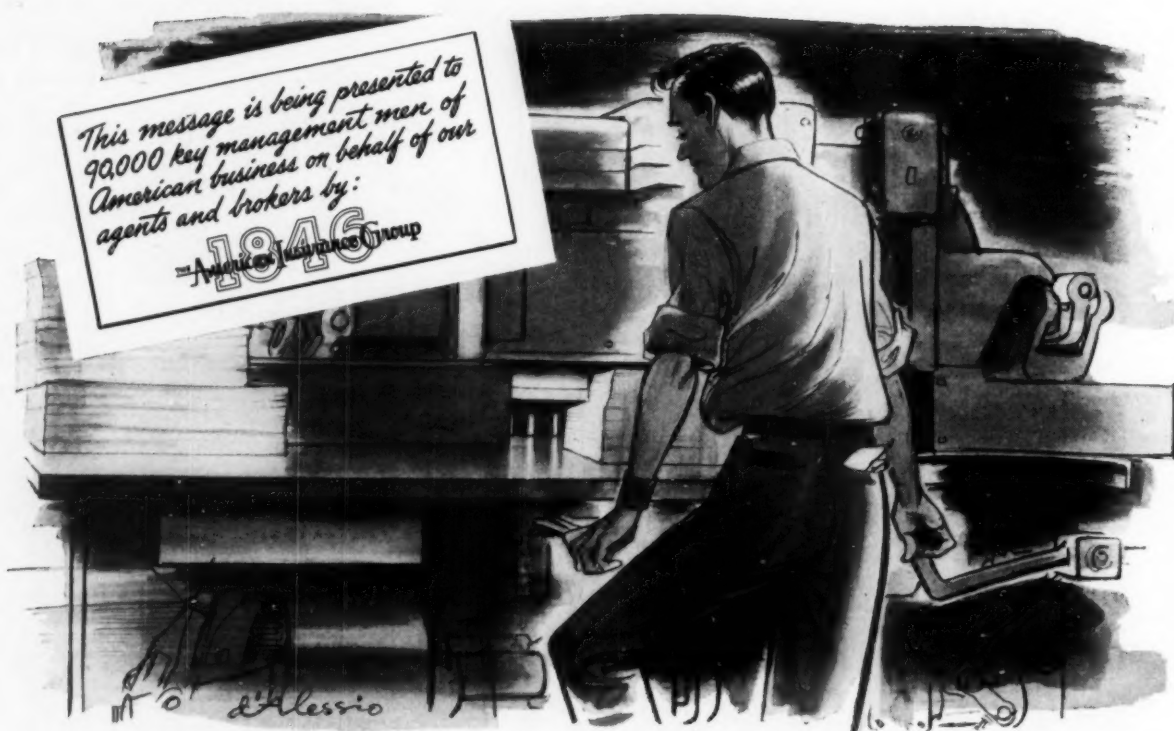
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90 JOHN ST., NEW YORK 7

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THURSDAY, FEBRUARY 3, 1949

# Busy Hands MAKE SAFE WORK...



**T**HIS paper cutter can slice a five inch log as quickly and cleanly as you might snip a string. If this worker's hands carelessly fell beneath the blade he would be permanently crippled. But he will stay on the job because of an ingenious idea . . . it takes BOTH hands, pulling separate levers at the same time, to lower the blade. Efficiency might say one lever . . . Safety orders two!

The engineers of capital stock casualty insurance companies, in surveying the risks of their individual companies, constantly recommend such safety devices and cooperate with management in organizing safety procedures. The numerous humanitarian and economic benefits to the policy holder and his employees are obvious.



Bolstering individual company efforts is the Accident Prevention Department of the Association of Casualty and Surety Companies which conducts research in accident prevention and formulates broad standards of safety.

Through its affiliation with the Association of Casualty and Surety Companies, The American Insurance Group emphasizes the strength of its slogan:

*Quality Insurance through ever-expanding and ever-improving Quality Protection since 1846.*

**1846**  
The American Insurance Group  
Newark, New Jersey

The American Insurance Co.  
Bankers Indemnity Insurance Co.

The Columbia Fire Insurance Co.  
The Jersey Fire Underwriters



## Fire-Casualty Men Eye U. S. Life Insurance Probe

**Don't Expect to Be Able  
to Keep Entirely  
on the Side Lines**

Fire and casualty interests have no expectations of going untouched in the Congressional investigation of life insurance which it is believed is certain to come about following the introduction of a resolution for such an investigation concurrently by Senator McCarran of Nevada and Rep. Celler of New York, chairmen respectively of the Senate and House committees on judiciary.

The resolution refers specifically and exclusively to life insurance but a statement issued by McCarran and Celler declares "it will undoubtedly be necessary to consider not only the impact of the federal anti-trust laws upon the life insurance industry, but also the question of the suitability and desirability of public law 15 with respect to its application to the life insurance industry, and the further question of whether public law 15 requires any modification or amendment." The final sentence of the statement reads: "It is contemplated the proposed investigation will be sufficiently broad to encompass an evaluation of state insurance legislation in this field."

### Range Is Widened

Thus, the whole subject of state regulation and public law 15 will be brought within range of the investigators and it would be impossible to treat this broad subject, in its relation to life insurance, without treating it in relation to all branches of the business.

The first call for the investigation was made by Celler several weeks ago and this caused considerable apprehension, because Celler is something of a gadfly and it was feared that if there should be such an investigation spearheaded by Celler alone, it would take on the aspects of a witch hunt. Comfort, therefore, is taken in the fact that McCarran joined in the project because his attitude generally has been one of helpfulness toward the industry. Public law 15 is known as the McCarran bill.

The statement issued by Celler and McCarran in connection with the introduction of the resolution is a mild one. They stated that the investigation would deal particularly with the anti-trust laws as applicable to life insurance and the extent to which the operations of the industry comply with such laws. The purpose of the investigation, according to the statement, is to find facts. The sheer size of this industry, its dominant position in the world of finance and the power which it wields and could wield in many fields of endeavor, coupled with the fact that detailed information concerning the operations of the industry is not only greatly lacking, but apparently very difficult to secure, give ample ground for this investigation.

### Holgar Johnson Statement

This latter reference is puzzling to insurance people, because there is probably no other business that must report its operations so completely as insurance. Holgar Johnson, president of Institute of Life Insurance, issued a statement this week saying that life insurance is not concerned by the proposed investi-

## Hulfish Retires; Woodall Advances; Hayes to S.E.U.A.

Paul B. Hulfish, secretary of South-eastern Underwriters Assn. will retire on June 1. He has been given a leave of absence from Feb. 1. J. P. Woodall,



J. P. Woodall



P. B. Hulfish

assistant secretary, has been promoted to secretary. Tom J. Hayes, associate manager of Louisiana Rating & Fire Protection Bureau, has been appointed assistant secretary.

Mr. Hulfish entered insurance in 1899 with a local agency in Alexandria, Va., while a law student at George Washington University. He practiced law for two years and in 1906 went with S.E.U.A., then the South-Eastern Tariff Assn. in Alexandria. Following service in the first war Mr. Hulfish served as manager in North Carolina and Alabama before being made assistant secretary in 1925. He was promoted to secretary in 1947.

Mr. Woodall joined S.E.U.A. in the engineering department in 1926. The next three years were spent in the field in Florida. In 1929, he was moved to Atlanta, where he continued in the engineering department until 1940 when he was appointed assistant secretary. He graduated at Georgia Tech.

Mr. Hayes in 1923 joined Oklahoma Inspection Bureau. Five years later he became a company special agent in that state. In 1934, he rejoined Oklahoma Inspection Bureau, where he continued until 1938, when he went with the Louisiana Bureau. He was assistant manager when W. S. Bizzell, manager, entered military service, and managed the bureau until Mr. Bizzell's return. At that time, Mr. Hayes was promoted to associate manager.

He pointed out that life insurance is always open to public scrutiny. It has no concern over an inquiry. It virtually operates in a goldfish bowl and for years has been regulated by insurance departments in every state.

The McCarran-Celler statement goes on to say that while it is contemplated that charges which have been made against the industry will be thoroughly investigated, it is not the intent of the sponsors to seek support for any predetermined conclusions. The sole objective is to gather the facts, and all the facts, and from the study of those facts to reach reasonable and fair conclusions. The investigation will be studiously objective and rights of witnesses will be properly and judicially protected.

### Must Report in 1950

The committees under the resolution would be instructed to report to Congress by June 30, 1950 on its studies together with recommendations "as to necessary legislation as it may deem desirable." Expenses of the committee are limited to \$100,000. This is a concurrent resolution that just has to be passed by the two houses, whereas a joint resolution must be signed by the President.

(CONTINUED ON PAGE 31)

## More N. E. Extended Coverage Changes

**Ice Excluded, Must  
Be Actual Contact  
for Vehicle Cover**

BOSTON—Two more changes have been made in the extended coverage endorsement for all New England states except Vermont, in addition to reprinting the windstorm and hail \$50 deductible because of the recent change in Rhode Island rules. The windstorm section now specifically excludes damage by ice and the aircraft and vehicle damage section limits recovery to loss from "actual physical contact" of an aircraft or vehicle with insured property, thus eliminating coverage of damage from a stone being thrown against property by a vehicle.

These changes have been under consideration for sometime and presumably will spread to other states, at least in Eastern Underwriters Assn. territory. The New England extended coverage endorsement was revised last fall, when the windstorm deductible was first adopted, and at that time a number of other changes, particularly revision of the explosion conditions and elimination of the glass clause, were made.

### Had Caused Arguments

Both changes aim at ending what have been annoying arguments. Although no authority suggested that the old endorsement would be held to include ice damage, there have been arguments about this practically every winter in localities where ice has been severe. It is assumed that this specific exclusion will at least give adjusters something to show insureds, even though it may not make them happy. Hail is specifically excepted from this exclusion.

The vehicle damage change, on the other hand, undoubtedly limits the coverage, as no one doubted that a judge would hold damage from a missile thrown by an automobile to be "direct loss" from a vehicle. Such a decision would have been entirely in line with cases on windstorm insurance holding damage from trees and other objects blown against insured property covered. The principal objection to the old clause was that insureds often made claims for broken windows or store fronts, on the ground that the breakage had been due to a stone cast by an automobile, but with no witnesses and no one able to prove anything. Sentiment for adding this restriction was by no means unanimous and it will probably face opposition in other territories. The new clause states specifically that direct loss by objects falling from aircraft is covered, in spite of this restriction.

### New Deductible Wordings

The new endorsement has one windstorm deductible clause applying in Maine, Massachusetts and Connecticut and another clause applying in Rhode Island. Neither clause is in force in Vermont yet. The Maine, Massachusetts and Connecticut clause, which may be removed for an additional premium, applies to each building or structure, including its contents (not separately to the building and to its contents) and states that if there is other insurance the company shall be liable for its pro rata share in excess of \$50. The Rhode Island deductible, which is mandatory and may not be removed, does not apply to contents. It applies separately to each building or structure and separately to personal property in the open and states that in case of other insurance the company shall be liable for its portion of loss in excess of \$50 in accordance with the apportionment provisions of the ex-

(CONTINUED ON PAGE 31)

## Service Risk Problem Is Settled in West

**Mercantile Gross Earnings  
Business Interruption  
Form Revised**

Introduced in Ohio this week is an amendment to the mercantile gross earnings business interruption form number 19-G which represents the solution that the leaders in the business in the west have settled upon for meeting the requirements of the service class of risk, such as hotels, restaurants, theaters, garages, etc. This subject has been under consideration for a long time and has evoked a variety of opinion.

The revised form now introduced in Ohio and intended for application throughout the middlewest provides in the first sentence in the paragraph "Definition of Gross Earnings":

"For the purposes of this insurance 'gross earnings' are defined as total net sales, less cost of merchandise sold and cost of materials and supplies consumed in the service rendered by the insured, plus other earnings derived from the operation of the business."

### Nature of Change

The change consists in the insertion in the sentence of the clause "and cost of materials and supplies consumed in the service rendered by the insured." This addition provides the authority to deduct those costs that probably have, as an actual matter, been deducted in figuring values and applying the coinsurance clause in service types of risks, but concerning which there has always been uncertainty and room for possible argument. The sort of thing that can now be deducted with assurance, are film rentals in theaters, soap, and other consumable items in hotels, etc.

In the east last year the mercantile form was withdrawn for use in insuring service risks.

At the same time there have been a number of other changes. For instance, the definition of gross earnings in the manufacturing gross earnings form 19-C is amended to conform with the mercantile form by the addition of "other earnings derived from the operation of the business." This might include such things as rentals of store properties in a manufacturing building.

### Make Forms Conform

Also there has been the addition of a sentence to make the manufacturing form conform to the mercantile form, this being: "Due consideration shall be given to the continuation of normal charges and expenses, including payroll, to the extent necessary to resume operations of the insured with the same quality of service which existed immediately preceding the loss."

A limit of liability clause has been inserted in both of the gross earnings forms to take care of overlapping types of insurance such as steam boiler U. & O., and rent insurance. This provision was previously found only in the two item forms. It reads: "The liability under this policy shall not exceed a greater proportion of any loss than the insurance hereunder shall bear to all insurance, whether collectible or not,"

(CONTINUED ON PAGE 31)

## WESTERN ADJUSTMENT REPORTS

# Wind, Fire Losses Push '48 Claims Over 500,000 Mark

Continued increases in fire and wind-storm claims last year produced another record number of loss adjustments for Western Adjustment. The annual report shows that the organization handled 534,150 losses in 1948 as compared with 486,610 the previous year.

At the annual stockholders' meeting on Monday, directors elected for a three-year term were: C. L. Allen, Aetna Fire; S. M. Buck, Great American; E. A. Henne, America Fore; P. H. Barr, Hanover Fire, and P. C. Cothran, Phoenix of Hartford.

All officers of Western Adjustment were reelected at the following stockholders' meeting, they being: President, J. C. Harding, Springfield F. & M.; vice-president, Mr. Henne; secretary-treasurer, Roy A. Sellery; assistant secretary-treasurers, J. H. Burlingame, Jr., and Ben M. Butler. Mr. Sellery is general manager of Western Adjustment and Messrs. Burlingame and Butler are assistant general managers. The assistant secretaries of the organization are R. V. Cherry; Gale Tilman; R. M. Ryan; H. W. Rutledge, R. M. Beatty.

## 1948 Losses Increase by 47,540

The 1948 losses were an increase of 47,540 from 1947. They were produced almost entirely by fire and extended coverage claims, the auto losses being down 5%. By lines for 1948 and the two previous years, losses were:

	1946	1947	1948
Fire .....	117,744	132,355	145,879
Auto .....	98,597	105,870	100,418
Windstorm ..	128,174	212,697	250,705
Inland Marine	27,894	33,633	36,024
Aircraft .....	860	2,055	1,124

Totals .... 373,269 486,610 534,150

The report to stockholders states that the year began with fire losses at a new high and automobile, windstorm and inland marine fairly heavy. There was a starting inventory of 48,268 claims in all classifications. For the first 10 weeks, there was a let up in all lines except fire, and then on March 19 a disastrous windstorm struck just northeast of the St. Louis-Alton district and nearly destroyed Bunker Hill, Gillespie, Dorchester and Fosterburg, Ill., and spread out over central Illinois, Indiana and Ohio. Damage was most severe on a line through Mattoon, Ill., Terre Haute, Anderson and Munson, Ind., and Lima through Toledo, Ohio. Many losses ran to thousands of dollars.

## 330 Adjusters in Loss Area

Western set up an emergency office at Gillespie and 23 branches were put on a disaster basis. More than 80 men were moved from the west to northwest and 330 adjusters were on duty in the area.

A week later, on March 26, Greencastle, Coatesville and Danville, Ind., suffered another tornado, the latter two towns being almost wiped out and there was further heavy damage throughout central Indiana. A second emergency office was set up at Danville.

Thereafter on April 6 and 7 there were scattered severe storms in central Kentucky, northwestern Indiana and southern Illinois, and eastern Missouri and parts of Iowa. The three storms produced more than 100,000 losses, many of them serious.

## 9,000 Claims in Ind. Storm

Early in May, southeastern Kansas and adjacent points of Missouri were hit by hail and wind. During June, eight storms damaged towns in Nebraska, Kansas, Illinois and Indiana and the hail storm of June 7 which struck Kokomo and Anderson, Ind., caused more than 9,000 losses.

On July 14, hail driven by a 100 mile an hour wind ranged diagonally across Kansas from Ellis to Parsons, causing the heavy damage at Wichita, Hutchinson, Nickerson and Great Bend. West-

ern Adjustment handled 25,000 losses resulting from this storm and established disaster offices at Wichita, Hutchinson, Great Bend and Parsons, moving 86 additional men into the area. This storm called for the utmost in organization and supervision.

Storms in September caused damage in the Dakotas and in Kansas and in early December a sharp blow added several thousand losses to close the year.

## Storm Claims Total 250,705

In the aggregate, storm loss claims for 1948 totalled 250,705 and the great bulk of them (189,427) were handled in the six months from April 1 through Sept. 30. Western conducted 47 special catastrophe operations involving 82,577 claims with paid losses of more than \$12,850,000 in 1948.

## FIRE LOSSES

Fire losses numbering 145,879 last year was more than double the same figure for 1938 (71,387).

There were 3,409 losses in the \$5,000 to \$50,000 group and they produced insurance claims of more than \$38,444,500. In the over \$50,000 category, 252 losses caused claims of \$37,346,800.

Metal workers, which for several years have led the loss parade, in 1948 had 54 losses for the first place total of \$9,632,600. Retail and wholesale establishments and mercantiles and office buildings were next with 44 fires totalling \$6,073,900. One of these, a department store, was the largest single loss of the year, \$1,277,100.

Other large losses: Lumber and building material factories, 19 losses, \$2,274,000; packing plants and food processors, 17 losses, \$2,398,300; paint and chemical plants, 17 losses, \$1,900,700; clothing and textile plants, 9 losses, \$1,808,000.

## Other Large Losses

Also, auto supply dealers, nine losses, \$1,227,900; glass manufacturers, two losses, \$116,400; paper mills and the paper trade, 12 losses, \$1,787,600; rubber workers, two losses, \$1,273,300; hotels, clubs and amusements, five losses, \$547,300; brewing and distilling industry, five losses, \$1,395,300; large dwellings and miscellaneous risks, three losses, \$164,000.

Also, laundries and dry cleaning plants, three losses, \$338,600; churches, schools and public buildings, 19 losses, \$1,818,500; elevators and cereal product plants, 14 losses, \$2,024,000; railroads and public utilities, 14 losses, \$1,679,600; woodworkers and furniture plants, four losses, \$357,100; mining, clay workers and the oil industry, eight losses, \$1,585,200.

## Income Coverages

Business interruption and extra expense and rents losses in the larger fires increased in number although the amount of loss was less than in 1947. Of 356 business interruption losses (of which 156 totalled more than \$35,000 and caused about 95% of the total loss) there was an insured loss of \$5,748,091 with property loss of \$10,132,580. In 91 of these losses, the business interruption claim was more than the property loss. The average business interruption loss was \$16,146 and the coinsurance deficiency was about 33 1/3%.

Although industry's supply problems have begun to catch up with the demand, certain materials, notably steel and steel products, are still almost on a quota basis, the report states. Inability to obtain necessary raw materials, slow delivery on special equipment, combined with labor troubles and high construction costs, continue to make adjustment

(CONTINUED ON PAGE 11)

## Ray Bass Is Ill. Federation Speaker

Ray S. Bass, treasurer of A. E. Staley Manufacturing Co. and vice-president of American Management Assn. in charge of the insurance division, in addressing the annual luncheon meeting Tuesday of Insurance Federation of Illinois, praised the insurance industry for its great advances in improving coverage and furnishing the buyer with his requirements, but he did engage in some wrist-slapping on the score of the way that the multiple location situation has been handled and he also expressed some impatience because of the capacity problem.

He said that at the bottom of a lot of troubles today are the rating laws patterned after the all industry recommendations. "Not only is the easy and sound exercise of rating risks according to merit seriously hampered but in the mad rush to give the states authority over rates, the commissioned producer is likely to see his right of individual contract destroyed by state officials tampering with his commissions."

Mr. Bass called upon insurers to hasten the day of full multiple line underwriting. He urged agents and companies aggressively to promote the sale of group health and accident insurance, including hospitalization and surgical reimbursement so as to deprive advocates of government insurance of the cry that there is a need for compulsion in this direction. He said he opposes the California type of legislation which it is expected will be introduced in Illinois. Voluntary coverage is increasing by leaps and bounds and is more and more covering the field.

On the credit side, Mr. Bass spoke of the improvement in boiler and machinery insurance including the group coverage plan, premium gradation and all embracing coverage; the commercial blanket bonds, the three D policy and comprehensive crime in the fidelity field, the guaranteed discount plan and the various retrospective rating schemes in workmens compensation, and comprehensive liability.

## London Assurance Officials Confer with Field Men

A. J. Pollen, assistant manager of London Assurance at the home office, and Walter Meiss, assistant U. S. manager, spent three days at Louisville in conference with state agents from several states. Those in attendance included Paul Steele, Kansas City; Fred Saal, Indianapolis; Ed Hamilton, Columbus, O.; Noble Birmingham, Oklahoma City; Jeff Moseley, Dallas, and Paul C. Grider, Louisville.

In addition all Louisville local agents representing London and Manhattan were present at a luncheon.

## Briggs Lubbock Speaker

A. Sidney Briggs, manager of Fire Prevention & Engineering Bureau of Texas, addressed a meeting of West Texas Field Club at Lubbock.

Because of the limited attendance of out-of-town members due to bad driving conditions, the election of officers, originally scheduled for this meeting, was postponed until the February meeting at Lubbock.

## Fla. School Cover Upped

The Pinellas county school board at Clearwater, Fla., has decided to increase insurance coverage by \$721,698 to a total of \$2,502,150. This is about one-third of the actual value of the school properties. The business is to be distributed among agents in the county.

## Quinn Named in Iowa

Grain Dealers National Mutual Fire has appointed Daniel A. Quinn as special agent for Iowa.

## Lederer Elected by Chicago Board

Emil P. Lederer, Stewart, Keane, Kessberger & Lederer, was named to succeed L. P. Warren, Associate Agencies, as president of the Chicago Board at the annual meeting last week.

Other new officers are William J. Laadt, Crampton Laadt & Co., vice president, and John Clarkson, Bartholomay - Clarkson & Co., treasurer. Mr. Warren as immediate past president, and George Rapp, Rapp & Co., and John J. Chavanne, Anchor agency, were elected directors.

Still the number one problem of the board today is the commission situation. Mr. Warren stated in his remarks. While many offices have reconciled their point of view to that of the companies and have adjusted operations, he declared that there are many more still groping in the dark for an equitable solution. Many are still on a hunt for connections that will yield a more satisfactory source of income. It is likewise true that many member agencies have not yet convinced themselves that there has been a reduction in what they can procure for producing business and they are riding a false hope.

Among the board activities in 1948 was appointment of an acquisition committee. Mr. Warren said the group was blocked in its work by the action of the companies in deleting all reference in their rules to anything smacking of commissions.

The public relations program was continued in a modified way, and the board developed an appraisal service for members.

Mr. Warren derided prophets who have said the Chicago Board is on the way out. He asked the members to form an organization which will not be turned aside for lack of objective.

As he concluded his tenure of office, Mr. Warren was presented with a gramophone which included a television set, phonograph combination, short wave and FM.

## Mont. Recodification Bill

A bill has been introduced in the Montana legislature for revision and recodification of the insurance laws appropriating \$10,000 for the purpose. This is supported by the Montana department, Montana Assn. of Insurance Agents, and Montana Assn. of Life Underwriters.

There is another bill to amend the state hail insurance law to permit farmers to insure crops on irrigated land at \$20 an acre, the maximum now being \$10.

There is a senate bill to repeal requirement of publication of synopsis of annual reports of insurance companies.

There is a surplus line measure modeled after the statutes of California, Oregon and Washington.

There is a bill to authorize commercial mutual insurers to spend in any one year up to 5% of net earnings of the preceding year for "education purposes."

## Gluck Opens Second Office

Carl A. Gluck of Youngstown, president of Ohio Assn. of Insurance Agents, has opened another office on the south side of Youngstown.

## Gulf Men Promoted

E. C. Dargan of Los Angeles has been elected secretary of the branch there of Gulf of Dallas and John Betty has been elected an assistant secretary at the home office.



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Our advertising in the  
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many anxieties can be  
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insurance man.

What if...



Let us do your  
worrying for you!

Worry is a killer...  
Mental anguish *never* yet prevented a catastrophe—never paid a bill for a home that burned, a car that collided, an accident that happened, a theft that was committed, a judgment that was levied against you.

Why worry, when insurance protection against nearly every hazard is so quickly available—in the soundest, strongest companies in the country?  
Worry blots out happiness—but insurance protection brings serenity and peace of mind. For no matter *what* happens, when you're fully protected you *know* that your savings, your home and your family's welfare are secure.  
Your America Fore Insurance man is a specialist in peace of mind... He'll tell you how little it costs to erase your worries.

For the name of a nearby America Fore Agent, call Western Union by number and ask for Operator 25.

THESE FIVE COMPANIES COMPOSE THE AMERICA FORE INSURANCE GROUP  
CONTINENTAL • FIDELITY-PHENIX • NIAGARA • AMERICAN EAGLE  
FIDELITY AND CASUALTY COMPANY  
BERNARD M. CULVER, Chairman  
FRANK A. CHRISTENSEN, President

America Fore  
INSURANCE GROUP

APPEARING IN

- LIFE
- THE SATURDAY EVENING POST
- TIME
- NEWSWEEK
- PATHFINDER
- and
- SUCCESSFUL FARMING



## Central Manufacturing Has Striking Portfolio

The 1949 direct mail portfolio of Central Manufacturers Mutual is now being sent to its 2,100 agents and brokers.

Purpose of the portfolio is to sell agents on the use of Central direct mail. The campaign to general lists does not mention the name of Central anywhere. All replies are returned direct to the agent.

The policyholder campaign is sent by Central only to those policyholders

whose names and addresses are furnished by the agent. Purpose of this is to keep a 3-way contact between company, agent and policyholder.

The house organ "FIRE" also is entirely the agents' house organ. Central's name does not appear in it anywhere.

The portfolio is a striking publication, incorporating such features as a liberal supply of new pennies attached to the pages symbolizing the slogan "How to Reap Dollars from Pennies Well Planted"; a miniature mirror into which a young lady is gazing and a tiny telephone receiver into which a man is calling the fire department. It is the work

of the Howard Swink Advertising Agency of Marion, O.

### New Agency Near Atlanta

The Miller-Goen agency has been opened at East Point, Ga., a suburb of Atlanta. The firm will share offices with the J. Fred Miller Co. realty firm and will be operated jointly by Mr. Miller and Roy E. Goen, who for 15 years was special agent for Aetna Casualty.

Middlesex County (N. J.) Assn. of Insurance Agents will hold a dinner meeting at Metuchen Feb. 16.

## Mine Casualties Continue at Frequent Rate

Marine underwriters report that from the cessation of hostilities, mine casualties totaled 274 up to Dec. 31, 1948. This is an increase of 14 casualties since June 30, 1948. Besides a number of vessels have been reported missing and there is no information indicating whether these resulted from mines.

Although most casualties occurred in waters which were heavily mined during the recent war, natural drift is responsible for mine hazards in so-called "clear" zones. During the past two months there were three reports of mines in U. S. Atlantic coastwise waters and one off the coast of California. An average of 10 floating mines continue to be sighted each week.

U. S. Coast Guard recently announced that the British magnetic mine must in the future be presumed to have an effective life of from eight to 12 years. The previous estimate was 3½ years. It is recalled that a mine from the first war was blown up near Cape May, N. J., in July, 1947. The last casualty occurring in 1948 in connection with a cargo vessel was the mining of the Norwegian motor vessel "Farne" in the Kattegat Dec. 31, 1948.

Marine people say that war risk cover is still carried by virtually all accounts and there is very little persuasion needed to maintain this cover in force.

As of Feb. 1, part of the new marine program became effective whereunder the atomic weapon hazard is affirmatively included in the war cover and there is a reversion to the attachment and termination of risk embodied in the 1938 war risk clauses. That is—in the latter connection, the war cover is applicable only on board overseas vessels. It does not include protection while the cargo is on lighters, barges, etc.

The change in the war risk policy could be accomplished in shorter order than the opposite change in the marine policy, because the war risk cover is subject to 48 hours cancellation, whereas the marine cover has a 30-day clause. Effective Feb. 15 the atomic weapon hazard will be specifically excluded from the marine contract.

## Rate Making Is Called Democratic Process

B. M. Hermes, executive manager of New England Fire Insurance Rating Assn., in addressing the annual meeting emphasized that the practice of rate making is a democratic one and that the constant endeavor should be to see that rates are neither too high nor too low.

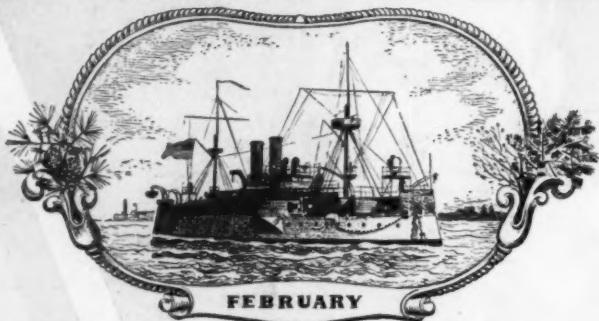
He said that the fire premium volume for 1948 was about 9.4% ahead of the previous year while extended coverage No. 4 premiums were 13.3% greater.

No matter how refined and exact the system that is used to cause the hazard to determine the rate, human judgment must enter into its application.

The fact that manual rules are not always as clear as they might be is a part due to the democratic way in which they are made. They are the product of a democratic process, carefully drafted, discussed and rewritten by the representatives of the companies and are often the result of compromise. If the practice they prove to be misunderstood or unreasonable in effect, they are amended by the same democratic process.

Often the ambiguity arises when a user of the manual goes over it with a magnifying glass looking for a loop hole. He may not find one but he may manage to start an argument about the exact meaning of a word or a clause that will arouse doubt in minds of others. There can be no criticism of such a practice because everyone in the business is endeavoring to secure the broadest possible protection for clients at the lowest possible cost.

## INSURANCE CALENDAR



On February 15, 1898, the battleship *Maine* was destroyed by a mysterious explosion in Havana Harbor, Cuba. Coming at the end of years of bad feeling between the two countries, the sinking of the *Maine* precipitated the Spanish-

American War. Short as it was, this war forced prices of most things up sharply. After World War II, prices have skyrocketed. Prudence demands a corresponding increase in insurance to offset possible loss.

1949—FEBRUARY hath 28 days.

"Look before you leap!"

- 1—Tu.—1733, English Colonists settled Georgia.
- 2—W.—1928, Fall River, Mass., fire started—estimated property loss, \$6,000,000.
- 3—Th.—If you are planning to buy more insurance, do it now . . . delay may prove costly!
- 4—Fr.—1861, Southern Confederacy formed.
- 5—Sa.—1945, U. S. Troops liberated Manila.
- 6—Su.—First Quarter, 3:05 A. M., E. S. T. 1904, Russo-Japanese War Began.
- 7—M.—1904, Start of Baltimore fire—estimated property damage ranged up to 150 million dollars. Only 20% covered by insurance.
- 8—Tu.—1910, Boy Scouts of America chartered by Congress.
- 9—W.—1942, *Normandie* burned and capsized.
- 10—Th.—To avoid the penalties of shrunken coverage, have your property insurance reviewed often by your Agent or Broker.
- 11—Fr.—1893, The *Noronic*, a White Star Liner, vanished on her maiden trip.
- 12—Sa.—1809, LINCOLN'S BIRTHDAY
- 13—Su.—Full Moon, 4:08 A. M., E. S. T. 1795, University of North Carolina opened.
- 14—M.—St. Valentine's Day, 1912, Arizona admitted to the Union.
- 15—Tu.—1942, Singapore surrendered unconditionally to the Japanese.
- 16—W.—1846, First Texas legislature met at Austin.
- 17—Th.—1865, Charleston, S. C., devastated by fire.
- 18—Fr.—1562, Huguenot colonists sailed from France for Florida under Jean de Ribaut.
- 19—Sa.—Last Quarter, 7:43 P. M., E. S. T. 1803, Ohio admitted to the Union.
- 20—Su.—1917, U. S. purchased Danish West Indies.
- 21—M.—1912, Houston, Texas fire—\$45,000,000 loss.
- 22—Tu.—1732, WASHINGTON'S BIRTHDAY
- 23—W.—1905, Rotary International founded at Chicago.
- 24—Th.—Checks on property insurance should be regular, frequent—through your Agent or Broker.
- 25—Fr.—1836, First patent to Colt for a revolver that has since become famous.
- 26—Sa.—1918, Hurricane swept New York City.
- 27—Su.—New Moon, 3:55 P. M., E. S. T.
- 28—M.—1943, Great quantity of food stuffs destroyed in \$3,000,000 Oakland, Calif. fire.

**OBSERVATION for February:** With fire losses exceeding two million dollars a day, and replacement costs higher than ever, it is imperative that you maintain adequate insurance coverage. Call your Agent or Broker, today!

PROPERTY INSURANCE  
Fire—Auto—Marine—Aviation

## FIRE ASSOCIATION GROUP

Fire Association of Philadelphia  
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How many of your prospects own valuable pictures, rugs, antiques . . . fine arts items?

You can find them galore, and wherever you go you can picture for yourself rosy profit prospects. For usually such owners are insured only against losses from specified risks such as fire and theft, whereas they need adequate "all risks" coverage.

All too frequently loss or damage to valuable art objects is due to some cause not covered by a combination of Fire insurance and Residence Burglary insurance. Perhaps leaky steam or water pipes, carelessness of servants, malicious damage, unavoidable accidents, mysterious disappearance—a myriad of things, all seriously destructive.

The answer done up in a very neat, comprehensive package is the standard *Fine Arts* policy. This provides broad, "all risks" protection to private collectors on specifically itemized valuable paintings, tapestries, rugs, statuary and other works of art. It may be written separately or in connection with a Personal Floater policy. It is profitable and easy to sell in the right places, with the right explanation.

Point out the advantages of *Fine Arts* insurance to your old clients, and new prospects who might be interested in an "all risks" policy. Any help you may need will be gladly given by your local Fire Association Group field representative.

Fire Association Group, 401 Walnut Street, Philadelphia 6, Pa. Branches in Atlanta, Chicago, Dallas, New York, San Francisco, Toronto.

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535 Homer Street, Vancouver, B. C.

# Fight Dineen Bill to Force Positive Filings

By DONALD REAP

ALBANY—At the hearing of the joint legislative committee on insurance rates and regulation here the fire, casualty, and surety companies and their rating organizations opposed a bill sponsored by the New York department which would empower the superintendent to specify positively the kind of a rating plan the department wants, consistent with its findings.

The bill was the legislation promised by Superintendent Dineen after the recent hearings on rating of multiple location risks when he indicated great dissatisfaction with the industry for adhering to the average-by-state rate plan. The plan did away with the former system of credits and debits to buyers based on a risk's experience.

No opposition was made to the full multiple line underwriting powers bill. Indications are that the bill may go through at this session. If it does, it will become effective July 1.

## Lloyds Defers on Tax

Gilbert Pederson, committee counsel, announced that a proposition to tax unlicensed insurers was being withdrawn as the result of an agreement reached with London Lloyds' attorneys. Lloyds has agreed to pay a 2% to 3% tax on its New York risks, excepting reinsurance and ocean marine, which will net the state \$200,000 in taxes annually. A bill covering the agreement will be presented next year and will affect all other unlicensed insurers as well.

William Leslie, general manager National Bureau of Casualty Underwriters, opposed Mr. Dineen's rating legislation as unsound in principle, unnecessary for the public, and undesirable because it would give the superintendent authority to regulate commissions. He said confusion would abound because of differences in interpretation, and further that it was unfair because it applied only to

rating organizations and not to the filings of independent insurers.

He said the interstate ramifications of the bill would create an impossible situation for the companies and that the presentation of rating plans should be left to the carriers.

## Murphy, Morehouse Concur

Concurring with him were Ray Murphy, counsel for Assn. of Casualty & Surety Companies, and Philip T. Morehouse, secretary Surety Assn. of America.

J. Raymond Berry, counsel of National Board, opposed the bill also. Speaking for New York Fire Insurance Rating Organization, H. Clay Johnson, assistant U. S. manager of Royal-Liverpool, said the bill would create an intrusion by state government into private management, that it would interfere with the development of rating techniques, be ineffectual in obtaining the result desired, and that it was of doubtful constitutionality. He also said that one of its effects would be to give the superintendent control over commissions.

John R. Barry, president Corroon & Reynolds, agreed in part with earlier speakers. He added that there is just as much duty on the insurance department to see that companies make a profit as there is to see that rates are

not excessive. The system of rating by classes is impractical, he said.

## Dineen Makes Distinction

Mr. Dineen said he submitted the bill with greatest reluctance and that he felt the authority contained in it would be used sparingly. Referring to earlier comments about free enterprise and intrusions in private management, he said that since public law 15, the commissioners have a duty to supervise the monopolistic operations of the companies, one of which is rating agreements.

"What happens," he asked, "when the companies in the combine get together and refuse to present something?" That, he said, was private enterprise but not free enterprise. Buyers have been waiting for seven months for a rate. In issuing the present binders on multiple location business the companies are "quicksie-doodling," fumbling the ball, and not solving the basic problem, he said. The public is suffering.

## Impede Progressive Thinking

There is a hierarchy in the fire business composed of some of the big companies, he declared. By reinsurance impediments and other methods, this prevents progressive thinking on the part of companies so inclined. Mr. Dineen wants to stimulate the thinking of the hierarchy, which, he added, has decided it isn't going to submit to supervision.

John T. Byrne, president of Universal, urged a decrease in the financial limitations placed on the small companies by the multiple underwriting bill. William D. Winter, chairman of Atlantic Mutual, emphasized the necessity for passing the bill. Without it, New York companies are at a competitive disadvantage, particularly in California where the law permits multiple underwriting powers, he said.

Charles P. Butler, counsel of North America, supported the bill, as did

George H. Ort, executive vice-president, New York City Assn. of Insurance Brokers.

## Withdraw "Judgment" Bill

A bill authorizing increased use of judgment in rating plans, suggested at an earlier hearing, was withdrawn by the sponsors.

Moses G. Hubbard, counsel Commercial Travelers, Utica, opposed a bill authorizing service of process on out-of-state insurers doing mail order business in the state. The bill would enable a plaintiff to start court action in state without being required to go to the domestic state of the insurer. His testimony centered on charges that the bill would encourage fraud by unscrupulous members of the public and would add greatly to the expenses of mail order insurers.

Some 150 fire and casualty executives attended the meeting, the earlier part of which concerned life insurance investment problems. Senator Mahoney was not present because of the illness of his son.

## N. E. Exchange Elects

BOSTON—New England Insurance Exchange has elected Lynn P. Marston state agent of Home, Boston, as vice president. Added to the executive committee were John J. Agardh of Massachusetts, J. Laurence Moffitt of Connecticut and Richards G. Vedeler of Vermont. Homer Jones continues as other year as president. The annual meeting was preceded by a banquet attended by field men from all over New England.

## Davis Goes with Spectator

Irving Davis, recently with "National Insurance Producer" in New York and previously secretary of Risk Research Institute, has joined the "Spectator" as associate editor. Mr. Davis at one time was in the public relations department of Guardian Life.

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FIRST NATIONAL INSURANCE CO. OF AMERICA  
GENERAL CASUALTY COMPANY OF AMERICA**

HOME OFFICES—SEATTLE, WASHINGTON



## Rumor Bartsch to High Ill. Post

According to rumors printed in Springfield newspapers, Frank J. Bartsch is expected to be named chief deputy of the Illinois insurance department under Harry B. Hershey. For the past 21 years Mr. Bartsch has been deputy of the Illinois department in charge of the bureau of liquidations, conservations and rehabilitations. He has handled the liquidation of more than 200 companies and he has served under six governors.

Mr. Bartsch started with Merchants National Fire in Chicago in 1919. This company was merged with Great Northern of St. Paul and Bankers & Merchants of Minneapolis to form Western Alliance of Chicago. In 1921 the latter company merged with Marquette National and this was the inception of one of the first fleets in the country consisting of Liberty Fire of St. Louis, Firemen & Mechanics of Indianapolis, Pittsburgh Fire and Great Western. This group was placed in receivership in 1927 and Mr. Bartsch was asked by H. U. Bailey, who was then director of trade and commerce, to work for the state for six months in getting the liquidation under way. This job turned into one lasting 21 years.

It is also reported in Springfield that Frank Young of the Springfield law firm of Gillespie, Burke & Gillespie, will occupy a prominent position in the department. He had been mentioned as a possibility for appointment as insurance director. He was an attorney in the department during the administration of Gov. Horner.

F. M. Martin of Taylorville has been named as office manager replacing Fred C. Fieker of Carlinville. He remains, however, with the department as supervisor of the assessment life division.

## Further Activities of "Short Con" Are Reported

C. S. Roberts, vice-president of North America, has notified all service office managers of the operations of a man who has been visiting these offices representing himself as an old friend of Mr. Roberts and a former employee of Indemnity Insurance Co. of North America. He usually asks for a cash loan or that his check be cashed. He has used several names including Kirk, Powell and Hatfield. He says that on returning from a visit to his family he had been involved in an accident and needs a bit more cash to pay for the repairs.

He is about 60 years old, gray, six feet tall, slender of stature and is usually poorly dressed. He has bad teeth. Thus far two North America men have suffered personal losses because of his activities. This is undoubtedly the same man whose activities were reported in the Jan. 20 edition as having gotten "loans" from insurance men at Columbus, Chicago and New Orleans representing himself as being with the Warfield & Co. agency in Baltimore.

THE NATIONAL UNDERWRITER will turn over to an agency that is interested in the matter, any information concerning this man's activities that any reader may possess.

This man negotiated a "loan" from an executive at the head office of North America last October. About a month later he approached a field man for North America at North Carolina. More recently he got a \$20 check cashed on a Houston bank from the Indianapolis service office of North America. The check bounced.

Such a man is known in police parlance as a "short con."

W. P. Nabors of Houston, state agent of Home, advises that he is \$10 poorer by reason of his encounter with this "short con." He gave the name of Porter. This visitation took place Nov. 2.

## Brower to Ill. Post

American has appointed James A. Brower as special agent for northern Illinois, with headquarters at Rockford. He succeeds Henry A. Trenholm, who is now supervisor of the Rockford service office. Mr. Brower had some years of underwriting experience in American's western department, and has been state agent for North and South Dakota for about 12 years.

Elgin E. Lemon, Jr., a graduate of the University of Iowa, succeeds Mr. Brower as state agent for the Dakotas. His headquarters will continue in the Boyce-Greeley building, Sioux Falls.

## Interstate Rate Hearing Called for N. Y. Feb. 10

LANSING, MICH.—Commissioner Forbes of Michigan, chairman of the N.A.I.C. committee on rates and rating organizations, has called a special meeting at the department office in New York Feb. 10 to confer further with fire company executives on the multiple-location, interstate rating problem. The committee some time ago notified the companies it would be willing to meet with them again when they were prepared to undertake further discussion of the matter.

sion of the matter.

Mr. Forbes received a request that such a conference be held and accordingly, called the meeting promptly. The session will be held in the New York insurance department offices in New York City.

## Named Cal. General Agents

The Ferris & Dunn general agency of Los Angeles has been appointed general agents in California for National Pacific Underwriters of Pacific National Fire.

The general agency also represents Richmond Underwriters and Mercantile Underwriters for fire and allied lines.



Here's what  
the *Fireman's Fund*  
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- A name that is known and respected wherever insurance is sold.
- The Strength, Permanence and Stability born of 86 years of sound management.
- Worldwide scope with service offices in 69 cities throughout the United States and Canada.
- Up-to-date multiple line facilities that provide protection to meet practically every risk except life.
- Advertising and promotional helps, including printed literature covering the various types of coverages, and the monthly Fireman's Fund Record full of selling ideas.
- Training and experience translated into constructive personal service that has won for Fireman's Fund fieldmen the esteem, confidence and friendship of successful Producers everywhere.
- The privilege of selling the "right to feel secure" accompanied by complete confidence that your client's protection will always be worth par should misfortune strike.



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## Appointments Made by Amer. Surety in Chicago

Joseph Burckhalter has been transferred by American Surety group from superintendent of claims in the Cincinnati branch to a similar post in the Chicago branch. Keith E. Brown, former office superintendent at Memphis, Tenn., has been transferred to the Chicago branch in the same capacity. He succeeds J. C. White, who becomes payroll auditor there.

Harold A. Banks recently was named regional claim manager with supervision over midwestern claim offices and with headquarters in the Chicago branch.

Mr. Burckhalter succeeds T. J. Nork, who remains with the office, handling fidelity and surety claims. Mr. Burckhalter, member of the Florida bar and graduate of Stetson University, law school, after practicing law at Eustis, Fla., and naval service as a lieutenant, went with American Surety at Cincinnati in 1946 as superintendent of claims. Mr. Banks formerly was American Surety claims manager at Philadelphia, and previously at Pittsburgh. He also served in the home office claim department. Mr. Brown started with the company at Memphis, Tenn., and

became office superintendent. He was in the army four years, becoming a first lieutenant.

## Accident Frequency Study

A study developed by National Assn. of Insurance Agents in the Rochester area shows that the average motorist has a minor accident every six years and a serious accident every 20 years, with the percentage increasing.

In 1948 five cars out of every 100 were in serious accidents, compared with four in 1941. Auto injury claims cost 30% more to settle in 1948 than in 1941 while property damage claims have risen 100% and are still climbing.

## Jones Speaks on "Racket"

Marvin F. Jones, assistant manager of the Continental Casualty group, spoke before the Fresno Assn. of Insurance Agents on "Suretyship—a Racket."

Manhattan F. & M. has appointed Walter J. Pearson & Co., Portland, Ore., general agents for Manhattan Underwriters in Oregon.

The February meeting of Insurance Women of Columbus featured a talk by Johnny Jones, Columbus Dispatch columnist.

## Wash. UCD Bill Greatly Restricts Private Plans

With powerful labor support, the expected unemployment compensation disability bill has been introduced in both houses of the Washington legislature. It may develop into the fiercest contest of the entire session.

A tax of 1/4% up to the first \$3,000 of annual wage would be paid by the employer and the employee would contribute 3/4% on the first \$3,000. The employer is permitted to pay all or part of the employee's tax, if he wishes. Maximum benefits would be \$25 for 26 weeks.

Unlike the California UCD law, private carriers would be permitted to qualify plans without granting greater benefits than the state fund. However, the employer using a private carrier plan would be obliged to pay .02 of 1% of his payroll (up to the \$3,000 annual maximum per employee) to the state fund to defray administration costs. This is the equivalent of paying the premium tax and, of course, the private carrier would be obliged also to pay the 2% premium tax on its writings. Opponents of the bill point out that these handicaps, plus the added cost of private carrier operation, would virtually rule out competition from private carriers.

Merit rating is provided, but there is no provision for increasing rates above the 1% premium indicated in the law.

Both Washington Assn. of Life Underwriters and Washington Assn. of Insurance Agents are on record in opposition to the bill. It is felt that while the bill is optional it is in fact virtually a state monopoly measure because of the many restrictions imposed upon private plans.

## Universal Mutual Casualty Is Formed at Chicago

M. J. Law, secretary of Reserve of Chicago, stock company which was formed from an old mutual, has resigned and formed Universal Mutual Casualty with office in 208 South LaSalle street, Chicago. Associated with him in the organization is Roger McCormick, who resigned recently as assistant treasurer and a director of Bankers Life & Casualty. Mr. Law is president and Mr. McCormick secretary-treasurer. Both have had considerable A. & H. experience.

Universal Mutual Casualty received its charter from the state of Illinois Jan. 21 and now is writing business. For a time it is confining itself to hospital and surgical plans, but the intention later is to write also all the regular accident and health lines.

The financial setup is a \$25,000 guaranty fund initially, which Mr. Law stated will be added to as is needed to enter lines than A. & H.

## E. St. Louis Board Elects

The East St. Louis (Ill.) Insurance Bureau elected new officers: President, R. F. Salvage; vice-president, J. F. Galvin, Jr.; McLean & Galvin agency; secretary, J. S. Pazdera; treasurer, Clarence Rogers, Illinois State Co. Executive committee: Max Ziebold, immediate past president, Husband-Ziebold agency; Marie Carpenter and J. H. Clanahan. Installation will be at a meeting Monday.

## Kirk Marine Manager of Geo. F. Brown & Sons

John B. Kirk has been appointed by George F. Brown & Sons, Chicago, brokerage office, as manager of the inland and ocean marine department which has just been established. He resigns from Osborn & Lange there where he has underwritten these lines for 11 years.

Mr. Kirk started in insurance as office boy with the Stewart, Keator, Kesberger & Lederer agency of Chicago, remaining 13 1/2 years, and being variously in the fire, burglary, plate glass and marine departments as underwriter.

## Ohio Farmers Ready for Annual Trek of Agents

The program has been completed for the 101st annual meeting of Ohio Farmers at Le Roy Feb. 7-9. The first feature is a school of insurance the evening of Feb. 7 in charge of Dwight P. Elmer, the speakers being Dwight D. Montgomery of Columbus on "If I Were an Agent"; Max J. MacVicker of Le Roy on "Mistakes I Have Seen in Personal Property Floater"; Gordon Beach, Le Roy, "What Do You Mean—Products and Completed Operations" and Dean Brenton, Cincinnati, "Why Medical Payments."

The next afternoon comes the meeting of Ohio Farmers Agents Assn. Karl Dakin of Lebanon, O., will report as secretary, President C. D. McVay of the company will give the welcoming address, and C. D. Palmer of Columbus, president of the agents association, will respond. Vice-president J. C. Hiestand will review the underwriting results and Webb I. Vorys, Columbus lawyer and director of Ohio Farmers, will present the Ivy trophy. Paul E. Belcher, vice-president of First National Bank of Akron will speak on the business and financial outlook.

At the banquet that evening John A. Weber, director of the company, will be toastmaster; C. E. Curtis, general counsel, will present awards; Charles M. Newcomb of Candler, N. C., will talk on "What Are You Afraid Of?"

The next morning is to be held the annual meeting of the insurance company at which assembles the agency and home office group.

George R. Crosby, general counsel of American Surety group since 1943, was guest of honor at a luncheon marking his retirement following more than 20 years of service.

A. F. LaFrentz, president of American Surety Company, paid tribute to Mr. Crosby's long career.

Mr. Crosby joined American Surety in the accounting department and served there until 1912, when he was transferred to the legal department. In 1912 he was graduated from Brooklyn law school, St. Lawrence University. He was admitted to the New York bar in 1913. Upon reorganization of the metropolitan department in the same year he was assigned to the underwriting of court bonds. In 1915 he returned to the legal department and shortly thereafter was elected an attorney of the company. In 1943, he was elected general counsel.

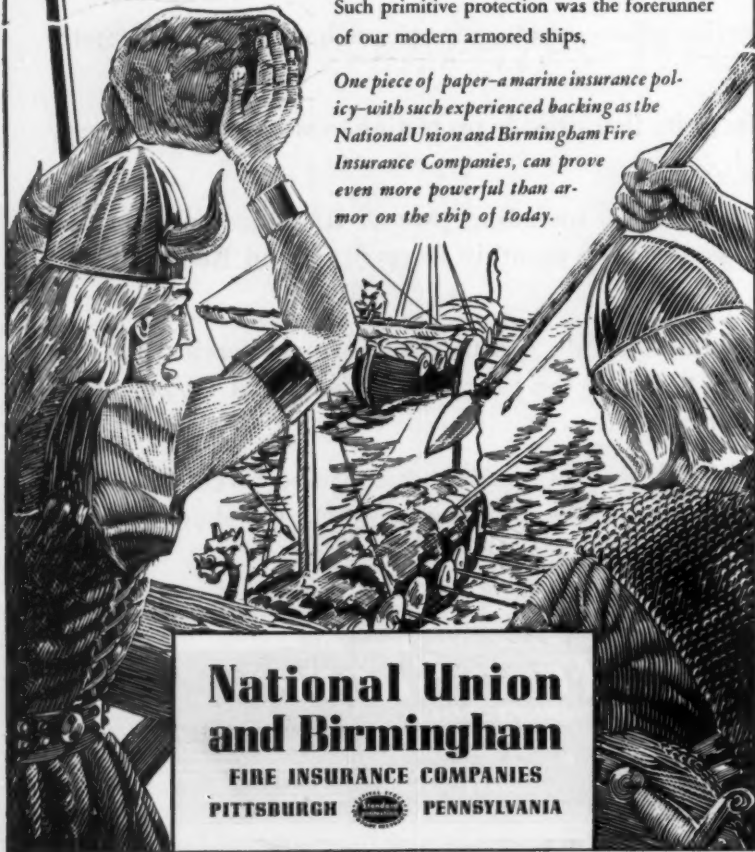
Mr. Crosby is succeeded as general counsel by Robert B. Hamilton, a vice-president since 1933.

## HIGHLIGHTS IN INSURANCE HISTORY

**ANCIENT PROTECTION . . .** During the days of Saxon power in London, the one wooden bridge spanning the Thames was important in the fighting between Saxons, Danes and Britons. When Edmund Ironsides, son of Ethelred the Unready, returned with Olaf the Norseman to take the throne lost by Ethelred, the Danes held this bridge. After an unsuccessful attack Edmund and Olaf took their ships back down the river and covered them with wickerwork and hides as a protection from lighted torches and missiles being thrown from the bridge. Although the Danes threw great stones and spears, the ships' crews managed to fasten ropes to the bridge and at the tide's turn pulled it down laden with Danish soldiers.

Such primitive protection was the forerunner of our modern armored ships.

One piece of paper—a marine insurance policy—with such experienced backing as the National Union and Birmingham Fire Insurance Companies, can prove even more powerful than armor on the ship of today.



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## Postal Clerk Bond Held Cumulative

NEW YORK—The federal appeals court here has held that the bond covering postal clerks is cumulative, not continuing, in United States vs. American Surety. It is possible that the case may be taken to the U. S. Supreme Court. One of the three judges dissented.

The \$2,000 bond involved was one conditioned on faithful performance of clerk named Wedge in the post office at Essex, Conn., dated Oct. 26, 1935, for which Wedge paid 65 cents per \$1,000, or a total of \$1.30 per year. Wedge paid the \$1.30 for renewal of the bond until Nov. 27, 1944, when it was discovered he had been embezzling since 1935. The total taken was \$7,949, but recoveries reduced this to \$3,865. In no year did embezzlements exceed \$2,000. American Surety tendered \$2,000, but the district court sustained the government's contention that it was entitled to recover the full amount plus interest, \$4,610.

**Generality of Language**

The strength of the government's position lay in the fact that liability for default of the principal occurring in any one year would continue, whether the renewal premium was paid for a later year or not, the court said; plus the generality of the language used in the bond O., will report and the absence of express limiting provisions.

The court said that as to the surety's argument that the federal statute provides for a continuing liability on official bonds, there "seems to be no reason to assume that this provision, so obviously in line with administrative convenience generally, particularly in bonds of small amount, was intended to limit drastically the coverage which the government had otherwise had for employees."

The surety pointed out that the government employees, in lieu of fidelity bonds, can deposit government securities equal to the penalty of the bond required. Under these circumstances, the posting of securities certainly would not be cumulative. To this the court said that it seems unlikely Congress meant not to protect the government by annual premiums paid to the same insurer since the protection could have been obtained merely by application to another surety. Anyway, no government employee has ever made such deposits of bonds to meet the requirement.

**"Bookish" Consideration**

As to the argument that the bond being continuous obviates the necessity of proving the particular period in which the defalcations occurred, the court stated that "one suspects this is a more bookish than real consideration in cases of substantial and proved postal clerk embezzlements." The controlling point is, the court said, that an annual premium was required and paid in expectation of the obvious protection the bond should afford.

In his dissent, Judge Swan states his belief that the bond clearly is continuing, not cumulative. It does not mention an annual premium. "It seems highly improbable," he said, "that the surety would voluntarily incur a maximum liability of \$20,000 for \$13 (if it ran 10 years), and the bond does not express any such intention."

**UCD Bill in Delaware**

A bill has been introduced in the Delaware senate for an unemployment compensation disability scheme. All employees covered by the unemployment compensation law would be entitled to benefits up to \$18 a week for a maximum of 22 weeks for wage loss due to sickness or injury. The business could be written either by a state fund or by private insurers and there would be a 1% tax on employees.

## Watch Loss, Expense Ratio

Fire company executives are watching closely the annual reports of the larger insurers to see how the business ran in 1948. They are particularly interested in the loss ratio, incurred to earned, and the expense ratio, incurred to written. This provides a quick check of how the companies fared on the two big items of losses and expenses. For example, there was much interest in the Continental's report, which showed that the 1948 loss ratio was 53.5, incurred to earned, and the expense ratio 35.6, incurred to written, for a total

of 89.1. This compared with 59.2 and 36.1 for 1947, or a total of 95.3. For Fidelity-Phenix the 1948 ratios were 54.3 and 35.6, for a total of 89.9, compared with 61.6 and 36.3 in 1947, for a total of 97.9.

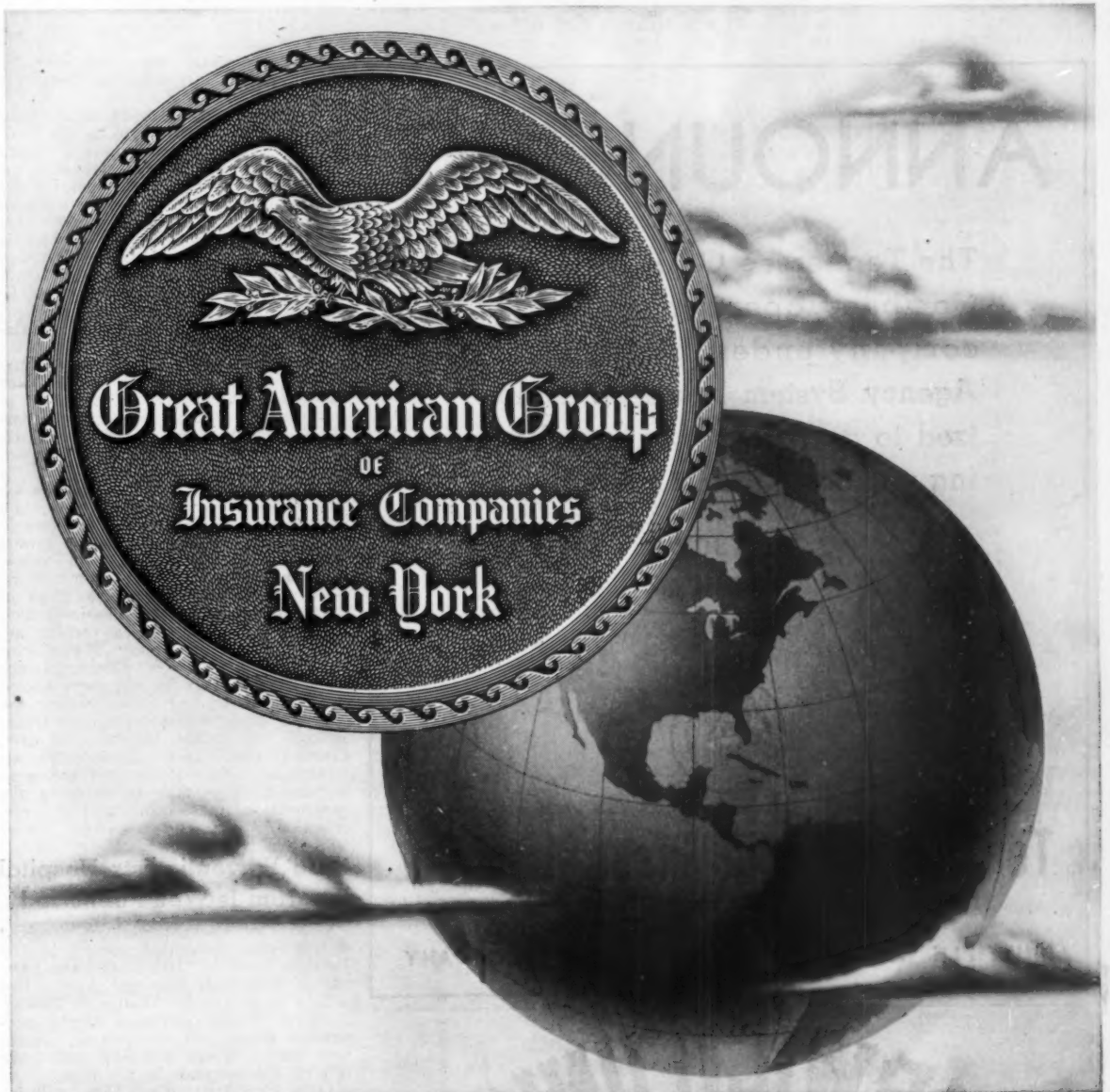
## Seattle Pond Initiates

Seattle Blue Goose initiated 10 goslings at the semi-annual meeting. E. E. Collins, London & Lancashire, chairman grand nest convention arrangements committee, reported progress of plans for the international gathering at Seattle this summer.

There was a cocktail hour and banquet, at which Deputy Sheriff Bruce Temple, who is the diver for King county, related experiences in his underwater work.

## Robertson with Hollingsworth

Russell S. Robertson has joined the W. I. Hollingsworth agency, Los Angeles. He has been branch manager of Seelye & Co. He served as president of Southern California Fire Underwriters Assn. and has been active in the educational work of Insurance Assn. of Los Angeles.



# Protection when and where needed

## MEMBER COMPANIES

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| American National           | • | American Alliance        |
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| Rochester American          |   |                          |

WORLD-WIDE FACILITIES FOR PRACTICALLY ALL FORMS OF INSURANCE EXCEPT LIFE

## Insurance Takes New Interest in FTC Report

WASHINGTON—As the fiscal year 1948 closed, says the federal trade commission in a summary of its annual report, "the commission had under way a study of state legislation pertaining to insurance, in preparation for the enforcement, in the interstate insurance business, of the federal trade commission act and the Clayton (anti-trust) act. This action was necessitated by a Supreme Court decision holding that the business of insurance when conducted across

state lines, was subject to federal anti-trust laws, and by congressional legislation providing that after June 30, 1948, the federal trade commission act and the Clayton act, as well as the Sherman act should be applicable to interstate insurance business to the extent that such business is not regulated by state law."

The report summary does not mention the mail order insurance trade practice conference proceeding, which did not get under way until after the close of the fiscal year. The report indicates, however, that trade practice rules have been promulgated by the commission after trade practice conferences in industries whose annual volume of business runs into the billions of dollars. One hundred sixty trades and industries are covered by such rules. A number

of other trade practice conference cases besides mail order insurance were pending last year.

### Examines Advertising

The commission staff examined approximately a million advertisements and commercial radio continuities during the fiscal year, from which approximately 20,000 were "designated for further study as containing representations that might be false or misleading."

The report said the commission's efforts to "encourage voluntary compliance with the laws it administers . . . were given increased impetus under the reorganization plan" effective the previous year.

Besides FTC majority recommendations, Commissioner Lowell B. Mason submitted several individual minority recommendations. On this point the FTC report summary says:

"Commissioner Mason again proposed legislation that would provide the trade practice conference procedure a 'statutory foundation more specific than the implied authority of the federal trade commission act.' Also renewed were his recommendations that the commission's organic act be amended to provide for an executive director or administrator responsible to the commission for administrative leadership; that the chairman be designated by the president; and that the commissioners' compensation be increased.

"New proposals of Commissioner Mason urge Congress to (1) broaden the scope of appellate court review of commission orders; (2) specifically forbid the commission to issue an order based on a finding of 'reasonable possibilities' of injury to competition; (3) limit commission proceedings against 'knowing or conscious parallel action' on pricing to cases involving conspiracy; (4) determine whether a seller should legally be permitted to absorb freight systematically to meet competitors' prices; and (5) consider the effect of court approval of the commission's decision in the Morton Salt case which, according to Commissioner Mason, 'for all practical purposes eliminates the right to give quantity discounts except in so-called trading items where the purchase price fluctuates in each transaction.' As to the Morton Salt case, Commissioner Mason calls it 'to the attention of Congress for such action as it may wish to take to preserve the economies of mass production and distribution.'"

### Ohio Preventionists Hospital Program Is Well Publicized

Ohio Fire Prevention Assn. received a five page illustrated spread in the January issue of "Hospitals," the journal of American Hospital Assn. The article is written by Walter B. Hilton, National Union, secretary of the prevention group, and concerns an inspection service which the field men have offered the hospitals in the state.

Ohio Fire Prevention Assn. will inspect any hospital in the state which makes the request, and has written all the hospitals describing the service.

### J. W. Brownlow Is Named

James W. Brownlow has joined Underwriters Salvage Co. of Chicago and is looking after activities at the auxiliary warehouse on Washington boulevard. He attended Lawrence college at Appleton, Wis., served in the army three years and for the past year and a half has been in retail store work at Evanston, Ill. His father is Marvin Brownlow, general manager of the salvage company.

### Eli Berger Promoted

Eli Berger has been appointed executive assistant in the head office of General Adjustment Bureau. A lawyer, he joined the bureau in 1929 and in 1934 went into the field in the New York office where he spent 11 years. In 1945 he transferred to the eastern department general office as supervisor.

## Inventory Waiver Doesn't Nullify Coinsurance

NEW YORK—The appellate division of the state supreme court upheld this week a long pending appeal of a supreme court ruling that the waiver of inventory clause does not waive the fire policy coinsurance clause when the loss is less than \$10,000 and less than 5% of the total coverage on the property. Parties to the suit were New York Life which made the appeal, and United States Fire, which was represented in the case by the law firm of Powers, Kaplan & Berger. New York Life intends to appeal the 3-2 decision to the court of appeals. The life company was interested in the case because it owned the building involved.

The decision was well received by the fire insurers, who regard it as an important case in its bearing on the construction of the waiver clause. The appeal had been pending since 1945.

The clause is contained in the second paragraph of New York coinsurance clause but its general principles are applicable to every jurisdiction. The waiver clause, in the event of small losses, does away with the requirement that the insured furnish a complete inventory of damaged and undamaged property. The life company contended that this also waived the coinsurance clause.

### Benton Heads N. Y. Group

William A. Benton of Wasaia was elected president of New York State Central Organization of Fire Insurance Companies at its convention at Syracuse.

R. M. Stanton, Greenville, is secretary, and E. W. Vary, Watertown, treasurer.

### Pittsburghers Hear Stewart

W. Howard Stewart, president of Pennsylvania Assn. of Insurance Agents, in his talk at the January meeting of Insurance Club of Pittsburgh, said that because of the competitive situation of companies today there is strong leadership in the industry and if not too much emphasis is placed on federal or state regulation, the business can go safely on its way. Mr. Stewart urged improvement in methods of doing business and better service to the public.

### Fuller with C. & R. on Coast

A. W. Fuller, Jr., has joined Corroon & Reynolds as special agent at Los Angeles, succeeding Harold L. McBride. Mr. Fuller has been with Pacific Fire Rating Bureau.

### Jackson Named President

Harold Jackson, president of Wm. E. McGee & Co., has been elected president of Board of Underwriters of New York, succeeding J. Whitney Baker of Carpenter & Baker. O. C. Torrey, Marine Office of America, is first vice-president; J. A. Bogardus, Atlantic Mutual, second vice-president and O. E. Baker, Appleton & Cox, treasurer. E. G. Driver continues as secretary.

The Sacramento regional office of Royal-Liverpool has been moved to the ground floor of Masonic Temple building. W. H. Siemer is the manager.

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The Pioneer Organisation

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VIRGINIA  
TEXAS



**Tennessee Odin Insurance Co.**  
**KNOXVILLE, TENNESSEE**

**MULTIPLE WRITING FIRE AND CASUALTY COMPANY**

**NORWICH UNION**



**SINCE 1797**



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## Western Adjustment Tots Up the Year

(CONTINUED FROM PAGE 2)

of business interruption losses an intricate task.  
Most concern, however, lies in the question of determining sound value. Companies, field men and agents have done much to ease this problem, but fixing of sound value is still of considerable difficulty. The report notes that there has been faint indications of arson and a few hints of business difficulties as in the early 20's.

## AUTOMOBILE

During 1948, there was a decline of about 5% in number of automobile losses adjusted. Some companies reduced their writings in this line, others combined a part of their operation with casualty affiliates, and some companies writing major finance accounts established staff adjusters in congested areas.  
New car production is at a high level and seems likely to increase. Immediate delivery can be had on certain makes of cars, and the report notes it is probable that before the end of the year, sustained new car production will facilitate replacements and afford the opportunity to reduce over all loss experience.

## Used Car Prices Going Down

In the final quarter of 1948 there was a material reduction in the selling price of used cars, ranging from \$200 to \$400. Reduced car sales are on the decline and there are signs that there will be a further decrease in values before summer.

Inland marine losses handled by Western Adjustment increased in 1948 approximately 10%. Due to the continuing unsatisfactory loss ratio on the personal property floaters, companies have required adjusters to survey premises carefully to determine whether coverage is in line with values at risk.

Bailee losses continue to present an adjustment problem as they involve large numbers of claimants, necessitating the assembling of adjusting crews at the points where losses occur.

Aviation losses decreased principally because of a reduction in the amount of insurance written on risks which have heretofore produced most of the losses.

## SALVAGE, SUBROGATION

Returns to the companies through the salvage and subrogation department continued to show an increase. Recovery on fire losses was 46%, amounting to \$3,329,210. On windstorm, there was a recovery of \$32,501. Automobile salvage and subrogation recovery was 68%, the amount being \$1,630,404. The inland marine return was \$356,724, or 70%. For all departments the total salvage recovery was \$2,842,398 and the subrogation return was \$1,506,444, a 60% total recovery.

The report notes that in addition to the common problems of manpower and clerical help, one of the discouraging aspects of operation is the loss of experienced adjusters to company employment. If member companies are to demand a high quality service from company-owned bureaus, they must also realize that before the bureaus produce an adjuster of some value, it often requires a minimum of five years.

Another difficulty is occasioned by the resignation of adjusters to enter the field for themselves. A distinction must be made, the report states, between adjusters who receive their training in independent offices as opposed to those who resign from bureaus in order to increase their income. It is impossible for company-owned bureaus to reach the point of efficiency which the companies desire if the bureau men are to be encouraged by company support to become competitors.

## Chicago Gas Explosion Loss Is About \$300,000

Loss in the explosion of the mixing plant of Peoples Gas, Light & Coke Co. of Chicago at 22nd and Racine is estimated at about \$250,000. The line is handled by Marsh & McLennan. A service station of Commonwealth Edison Co. close by suffered \$25,000 of glass breakage alone. A number of persons were injured, more being hurt than were in the Commonwealth Edison place than were on the premises of Peoples Gas.

## Wood Heads Fireman's Fund New Vancouver Office

Fireman's Fund and Home F. & M., have established an office in British Columbia in the Commerce building, Vancouver. Clifford E. Wood has been appointed provincial superintendent.

Fireman's Fund is qualified to write casualty, automobile and guarantee insurance in Canada, and these lines, as well as fire business of both companies, will be under the supervision of Mr. Wood.

Mr. Wood has been in the business since 1937. During the war he served 4½ years as a captain with the Seaforth Highlanders.

## E. Iowa Puddle to Elect

The Eastern Iowa puddle of Blue Goose will hold its annual meeting Feb. 22 at Cedar Rapids.

The Iowa pond will hold a stag party April 18 at Sioux City. It will be the first of a series to be held over the state.

# NEW...

## 5-POINT SALES PACKAGE ON COMPREHENSIVE LIABILITY!

Here's an easy line to sell to clients and prospects alike. Scores of people you know will buy personal or farm comprehensive liability insurance. You need certain rating, classification and underwriting data. Beyond these, you need promotion material you can send to or leave with your clients and prospects. Connecticut Indemnity's New 5-Point Sales Package brings you all these!








## INFORMATION FOR YOU

- 1 Comprehensive Personal Liability Rate Chart. Fits in your pocket and gives rates for various limits of liability and medical expense, for one and multiple family dwellings. Includes additional rates for incidental professional occupancy, additional residences and servants.
- 2 Farmer's Comprehensive Personal Liability Bulletin. Easy to use and will go in your pocket. Gives rates on personal and employers' liability by states. Covers most types of farming.

## INFORMATION FOR YOUR CLIENTS AND PROSPECTS

- 3 Popular folder titled "A Tough Spot To Be In . . . and It Could Be You." Tells about the basic comprehensive personal coverages in cartoons and few words. Just what you need for enclosure with bills and other mail.
- 4 Colorful folder, including application, titled "To Mr. Farmer Only." Shows many special farm hazards. You'll want every farmer you know to see this convincing printed piece on farmer's comprehensive personal liability.
- 5 Letter to send to both types of prospects with either one of the two folders. This letter shows a number of news headlines on simulated telegraph tape, and will get attention from your clients and prospects.

## Security Insurance Companies

HOME OFFICE: NEW HAVEN, CONNECTICUT

Security Insurance Company of New Haven  
The East & West Insurance Company  
of New Haven

New Haven Underwriters  
The Connecticut Indemnity Company



1841 — "Security," The Nation's Watchword — 1949

## General Advances Two Men: Reports on Operations

Directors of General of Seattle elected Willis L. Campbell vice-president, and Gordon Sweaney, general counsel. Mr. Sweaney has been head of the legal department of companies in the group.

Mr. Campbell, a University of Washington graduate, was in the investment business at Seattle from 1929 until he entered the army in 1942. Upon release from service as a lieutenant colonel, he joined General's home office.

Mr. Sweaney, who is one of the youngest men ever to pass the Washington bar examination, has been practicing insurance law since graduation from University of Washington cum laude.

In his annual report on 1948 opera-

tions, President H. K. Dent reported assets have increased \$12,408,000 to a total of \$73,391,177, the largest increase ever made from operations in one year. Margin of underwriting profit was increased substantially. General increased written premium volume over 30.82%, to a total of \$50,603,000.

The group's total net profit for the year, Mr. Dent reported, was \$5,168,000, or \$43.67 a share, as compared to \$26.07 a share in 1947.

## California Pond's Party

LOS ANGELES—California Blue Goose held its annual dinner dance at the Oakmont Country Club with 162 members attending, and their ladies and guests. Entertainment followed dinner.

## Harrison Chairman, Yeargan Trinity Universal President

Edward T. Harrison, who has served as president of Trinity Universal since organization in 1926, has now been made chairman and Gordon S. Yeargan was elected president. Hamlett Harrison was elected executive vice-president.

Edward Harrison will continue in the active service of the company and, as chairman of the finance committee, will supervise and handle the investments and other properties. The cash and invested assets of Trinity Universal are now in excess of \$12 million.

Mr. Yeargan has been with the Trinity since its organization. In 1930 he was elected a vice-president and a director. He entered the business in 1915 with Hartford Fire. He served in the army during the first war, following which he was employed by Fireman's Fund until 1921, and by Commercial Union until 1926 when he became associated with Trinity Universal.

Mr. Yeargan is a past most loyal gander of the Texas Blue Goose. He is chairman of the executive committee of Texas Insurance Advisory Assn.

## Hamlett Harrison's Career

Hamlett Harrison is a graduate of Yale and received his law degree from Southern Methodist. Following graduation, he engaged in the active practice of law for about five years. He became actively associated with Trinity Universal in 1939 and organized the legal department. In 1942 he was elected vice-president and a director. He is a director of Republic National Bank of Dallas.

Robert F. Miller, head of the production department, and Lloyd Andrews, head of the automobile department, were promoted to vice-presidents. L. C. Templeton, head of the fire department, was elected a secretary. These three men have served the company in various capacities for more than 20 years.

Trinity Universal's assets are now \$16,536,591, capital \$1 million, surplus \$2,272,246, and premiums written \$11,496,420.

## Prize Winners Announced

CINCINNATI—Prize winners in the recent contest conducted by The Fire, Casualty & Surety Bulletins of THE NATIONAL UNDERWRITER were selected and notified. Last fall, subscribers were invited to contribute articles describing how they handle collections or sell fire and extended coverage. Two separate divisions were established with first and second awards for each division.

Leo J. Buettner, Johnstown, Pa., has received first prize in the fire division and Charles G. Fickes, Jr., Henry & Rocky, Harrisburg, Pa., second.

Herbert W. Wheeler, special agent of General Accident, Syracuse, took first prize in the collections division and J. R. King, Fairbault, Minn., second place.

First prize in each division was a silver plated table lighter and second prize, a pocket lighter. Contestants had the option of alternative prizes of equal value. Runners-up were awarded other useful gifts.

## I.C.M.A. Cited in Va.

RICHMOND—Illinois Commercial Men's has been charged with the unauthorized mail solicitation of business in Virginia and has been summoned to a Virginia corporation commission hearing March 2 to show cause why a restraining order should not be issued.

Mail order companies are not required to obtain a license under Virginia insurance laws, but must obtain authorization from the commission to do business in Virginia.

## Seattle Marine Board Names Rennie President

Gordon F. Rennie, St. Paul F. & M. was elected president of the Board of Marine Underwriters of Seattle at the annual meeting. He succeeds Joseph C. Selz, marine manager for Home. James Longmuir, Marine Office of America was elected vice-president, and F. W. Perry, Union of Canton, and Irwin Mesher, reelected secretary-treasurer and executive secretary, respectively.

There was a cocktail hour and banquet.

## Defrauder Describes Methods

Feature article in the Feb. issue of "Collier's" is an account by David Schiffer of the methods he has used to defraud liability insurers out of \$1 million. Mr. Schiffer has been sentenced to from four to eight years in Sing Sing. In his crimes he posed as a lawyer, doctor, policeman and insurance adjuster. He boasts that with nothing but a library of phoney X-rays he beat every insurance company on the street. It was his custom to hire derelicts to fall in front of cars and then engineer collections from the insurance company. The article says that his entire story has been checked against records of Assn. of Casualty & Surety Companies.

## James Succeeds Tremaine

W. L. James, who has been with the Meserole group some years, since graduation from Williams College, has been named manager of the countrywide brokerage department, a post from which L. P. Tremaine just retired.

## No. Am. Enters Belgium

North America has entered Belgium for fire and marine with Decker & MacKelbert at Antwerp and Maurice Deckers at Brussels reporting to the London office.

## LOCAL AGENCY FOR SALE

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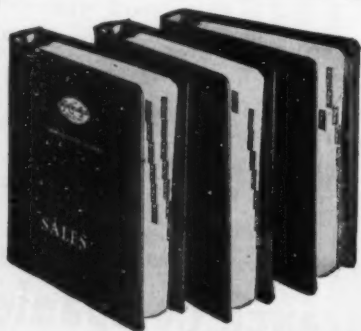
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LOUISIANA  
JUNG HOTEL.....New Orleans  
HOTEL DESOTO.....New Orleans  
NEBRASKA  
HOTEL FAXTON.....Omaha  
NEW MEXICO  
HOTEL CLOVIS.....Clovis  
OKLAHOMA  
HOTEL ALDRIDGE.....Weslake  
SOUTH CAROLINA  
HOTEL WADE HAMPTON.....Columbia  
TEXAS  
HOTEL STEPHEN F. AUSTIN.....Austin  
HOTEL EDSON.....Beaumont  
HOTEL BROWNWOOD.....Brownwood  
HOTEL SANGER.....Dallas  
HOTEL CORTEZ.....El Paso  
HOTEL TEXAS.....Fort Worth  
HOTEL BUCCANEER.....Galveston  
HOTEL GALVEZ.....Galveston  
HOTEL JEAN LAFITTE.....Galveston  
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## Dunning Letter Elicits Claim, Insurer Wins

Hardware Indemnity and Hardware Mutual have been relieved of liability under a decision of Texas court of civil appeals for an automobile collision loss that occurred during a time when the assured was assuming that he had no coverage but for which he made claim when seven months later he received a dunning letter from the insurer for the premium on a renewal policy that he had not received.

C. W. Mallard had a policy that expired July 31, 1946, and prior to that the insurer mailed to him a renewal policy. He was then in the navy and his mailing address had been changed. For that or some other reason he never got the renewal policy. He had an accident Aug. 20, 1946, and the collision loss was \$740. He filed no claim for insurance. In March, 1947, he received a letter from T. J. Holmsley, Jr., credit manager of Hardware Mutual, seeking to collect an earned premium of \$22.73, and saying that the policy was in full force and effect from July 31, 1946, to Jan. 26, 1947.

Mallard sent the money and reported the accident, which he said he had not done previously because he thought the policy expired July 31, 1946.

The court said the claim is seemingly based on the theory of the insurer's offer after the car had been damaged or upon the supposition that the insurer is estopped to contend that there was no valid contract covering the loss. Its conclusion was that no contract contrary to public policy can be enforced by way of estoppel. Much reliance was placed on Alliance Ins. Co. vs. Continental Gin Co., Tex. Com. App. 285 S. W. 257.

## Start Ind. Safety Drive

A committee appointed last fall in Indiana by Assn. of Casualty & Surety Companies to promote accident prevention measures plans to get into action soon. H. J. Wilson, manager of Massachusetts Bonding, is chairman. Other members are Harry Von Burg, General Accident; Carl Bloomer, Indemnity of North America; P. E. Arneson, Travelers Indemnity; G. L. Browning, Glens Falls Indemnity. The goal of the committee is to set up safety committees in each town in the state. A start will soon be made with one or two cities. Driver education through schools, enforcement of safety laws and prevention of accidents in industry are included in the program.

## Vote to Up Mont. Benefits

The Montana legislature has voted to increase minimum workmen's compensation benefits from \$17.50 to \$20 per week and the maximum from \$23.50 to \$26, to increase death benefits from 400 to 500 weeks and to elevate dismemberment benefits by 25%. Also it voted for a constitutional proposition to go on the ballot in 1950 to create a separate department of labor and industry.

## Ask Auto State Fund

A monopolistic state fund for automobile liability insurance coupled with a compulsory automobile liability insurance scheme, is provided for in a bill that is to be introduced in North Dakota by the non-partisan league legislators.



Robert F. Benjamin, head of the new group A. & H. department of Fireman's Fund Indemnity, will have charge of California UCD business for that company.

## Agenda for U. S. Chamber Insurance Group Given

WASHINGTON—The tentative agenda for the meeting of the insurance committee of the U. S. Chamber of Commerce Feb. 9 at the Waldorf-Astoria in New York includes the following items of fire, casualty and marine insurance interest: manager's report, report on revision of expiring policy and new policy declarations; review of compulsory health insurance situation and presentation of new policy declaration; the chamber's expanded program of public education on dangers of compulsory health insurance; marine

insurance on ECA shipments; future of the hemispheric insurance conference and report on the second conference; what action the chamber shall take to make its policy effective on the following: elimination of state workmen's compensation funds; passage by the states of automobile financial responsibility laws; passage by the states of second injury fund laws; report on the national inter-chamber fire waste contest; date and place of next meeting.

At the Spanish consulate in New York City last week Spain's director general of insurance, Joaquim Ruiz, presented his government's silver medal for merit

in insurance to W. F. Delaney, Jr., Fairfield & Ellis; Dr. Ralph Blanchard, Columbia University, and Dr. Max Wollner, managing director of Canadian Home Assurance. This was in recognition of the contribution of the three to the international congress on catastrophe risks held at Santander, Spain, in 1947.

## Lindberg Wash. Special

Robert C. Lindberg has been appointed special agent for Pacific National Fire for the state of Washington, succeeding Howard Malone, who has entered the local agency business.

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## NEW YORK

### JONES & WHITLOCK HOME

Jones & Whitlock has purchased 169-71 William street, New York City, for \$110,000 cash and will rebuild it in early American colonial style for occupancy as its head office. The brokerage firm began its career 109 years ago at 66 Wall street, New York City. It later moved to 49 Wall street and then northward along William street, following the movement of the insurance district. Its present location is 115 William. The new location is an expansion north beyond Fulton street of the insurance district, reflecting the acute shortage of business space south of that thoroughfare.

### NAMED BY CENTRAL OF CHINA

Central Trust of China has appointed the Triboro agency, 111 John street, New York, as metropolitan fire managers. The American International Marine agency of New York act as U. S. marine managers.

Central Trust will shortly expand operations to include California and Florida. It was entered in New York last April.

### N. Y. INSURANCE COURSES

The Delehanty Institute insurance course, to qualify applicants for brokers' license examinations in June, will get under way in New York City March 9. The course covers fire, casualty and accident and health lines. The City College school of business will start its insurance course Feb. 14, designed to prepare applicants to meet the educational requirements of the New York state broker's examination. There is a new advisory service for prospective students. Free counseling on job opportunities and training requirements in the field will be given to those requiring it, prior to opening of the school.

### HOLDS THREE PR POSTS

Frank J. Scalise, Brooklyn real estate insurance broker recently has been appointed public relations committee chairman of the Bay Ridge Real Estate Board, Brooklyn Insurance Brokers Assn., and Brooklyn Accident & Health Assn. He has been a successful insurance broker for more than 20 years.

### Buyers to Hear Bond Man

K. R. MacDonald, assistant superintendent of agencies of Seaboard Surety, will discuss fidelity and crime insurance Feb. 7 at a luncheon of the Insurance Buyers of Pittsburgh.

### Statistical Men Plan Rally

The annual meeting of Midwest Independent Statistical Service has been set for Hotel La Salle, Chicago May 12. There will be a number of prominent speakers discussing statistical problems and there will be a question and answer session. A cocktail party and buffet dinner is planned.

Arthur C. Hagen, American Mutual Liability, has been elected president of Philadelphia Insurance Claim Managers Council.

### Trenbath Featured at New York City Pond Dinner

E. W. Trenbath, Norwich Union, Seattle, most loyal grand gander, was the featured speaker at the January dinner of New York City Blue Goose. Among the guests were three past most loyal grand ganders, Joseph Knowlan, Schmitt Surveys, Philadelphia; Samuel A. Mehrtorf, McDaniel & Co., New York City agency; and Phil M. Winchester, General Adjustment Bureau, and Paul Fell, Middle Department Rating Assn., present grand nest supervisor.

A life membership and a 25 year pin was presented by Robert F. Moore of the Forman & Co. agency, New York City, to Robert W. Thompson, retired Home official, and 25 year pins went to W. P. D. Bush, American, past m.l.g. of the Louisiana pond; J. K. Meldrum, Firemen's; Leonard Fuchs, Newark agent, and A. C. Hutson, formerly with the National Board, now a consultant.

Initiation of goslings will be held in May. In the meantime, three new members were voted, Lester Burr, Underwriters Salvage; Maxwell S. Goldstein, New Haven attorney, and George N. Gavey, Jr., McDaniel & Co.

Mr. Moore, speaking for the project committee, reported on the local pond's sponsorship of several fire insurance inspection and rating courses in the Insurance Society of New York.

A memorial on Ben McKeel, late vice-president of the Hanover, was presented. William Murphy, General Adjustment Bureau, past m.l.g., presented a gift to Gil Dietrich of Home, last year's m.l.g., and Jack Quisenberry, Johnson & Higgins, current head of the pond, bestowed a traveling clock on Mr. Trenbath.

### Criddle Joins Ostheimer

A. H. Criddle has resigned from Mather & Co., Philadelphia, to become manager of the general insurance department of Ostheimer & Co., also of Philadelphia. Mr. Criddle in 1929 entered the casualty department of Mather & Co. He was appointed manager of the automobile and casualty departments in 1941 and in 1946 became assistant vice-president. Mr. Criddle is a C.P.C.U. He is chairman of the casualty committees of both National Assn. of Insurance Agents and Agents & Brokers Assn. of Philadelphia.



A. H. Criddle

### Schedule Ohio Inspections

Fire Prevention Assn. of Ohio will inspect Genoa Feb. 16. E. C. Knoop, Home, and William T. Cuddy, Buckeye Union, will address the school children and Charles Scott, assistant state fire marshal, will speak at an evening meeting. Inspections will be held at Lancaster March 1, Elmore March 8 and North Baltimore March 22.

### Chicago Insurance "Phone" Book Is Distributed

The 1949 Chicago Insurance Telephone Directory is now being distributed. This is a 174 page listing of fire, casualty, life and allied insurance lines of offices in the city. It is divided into two sections, offices in the Insurance Exchange building, and other offices in Chicago.

The 1949 edition lists all the new telephone numbers which were changed recently by the telephone company, as well as the firm address and postal zone number. There is a service guide of organizations allied with the insurance business.

Copies may be obtained from The National Underwriter Co. at \$1 each.

### Pa. Hearing on No. Am. Filing Postponed to Feb. 7

Commissioner Malone of Pennsylvania has postponed to Feb. 7 the hearing on the 15% rate reduction filing of North America on certain types of risks in Philadelphia, Philadelphia suburban and Allegheny county. The hearing was originally scheduled for Jan. 31. It will be held at Harrisburg. Department officials turned down a request from some of the interested parties that the hearing be moved from Harrisburg to Philadelphia. One reason for this is that Gov. Duff expects the members of his cabinet to be at Harrisburg during the term of the legislature which is now in session.

### Williams Ky. State Agent

John D. Williams of Louisville recently with Underwriters Adjusting and previously executive special agent for the Mississippi Valley Underwriters, has joined Corroon & Reynolds as state agent in Kentucky, working under Carl Bundow, Columbus, O., executive special agent for several states for C. & R.

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## MUTUAL FIRE COMPANIES 1948 RESULT

	Adm. Assets	Unearned Prems.	Net Surplus	Net Prem.	Net Losses Paid
Citizens Mutual Fire, Wis.	324,720	120,587	186,015	174,108	82,808
Cream City Mutual, Wis.	915,191	392,726	481,043	378,460	137,730
Farmers Mutual, Lincoln	2,225,193	605,935	1,575,995	1,212,681	547,068
Grangers Mutual, Md.	714,057	330,248	352,611	407,991	153,691
Merch. & Fmrs., Mass.	582,464	304,744	240,895	249,716	60,656
Millers Mutual Fire, Tex.	3,403,475	1,914,727	1,248,233	2,201,547	914,029
National Mutual Assur., Pa.	338,060	238,777	46,737	557,516	162,685
Pawtucket Mutual Fire	4,090,470	2,183,934	1,368,215	2,313,796	851,795
Penn Mutual Fire	2,195,677	831,266	1,298,351	777,809	187,260
Providence Mutual Fire	1,901,778	468,420	1,408,372	254,539	78,543
Quincy Mutual Fire, Mass.	6,956,594	3,195,567	3,430,964	2,742,784	998,384
Republic Mutual Fire, Kan.	1,181,817	443,561	701,845	367,232	167,535
Richland Mutual, Mansfield, O.	980,434	280,956	652,278	256,879	98,958
Square Deal, Des Moines	1,960,062	.....	1,865,240	1,430,195	658,365
Union Mutual Fire, Vt.	939,681	248,596	584,123	588,047	274,248



# NEWS OF THE COMPANIES

## P. W. Loss Ratio Better by 7 Points

The outstanding development of its 50th year of business was the sharp drop in incurred losses as compared to the previous year, Stephen W. Carey, 3rd, president of Providence Washington, reports.

The company is planning appropriately to mark its sesquicentennial later this year. The celebration will include dedication of its new home office building in downtown Providence.

Losses incurred for Providence Washington and Anchor, amounted to but 33.8% of premiums earned as compared to 60.8 in 1947.

Net premiums earned last year climbed to \$21,445,000, from \$17,501,000 in 1947. On an adjusted basis, including 40% equity in the increase of the premium reserve, earnings were \$4.32 a share in 1948 against \$1.84 in 1947.

"The company in the last three years, has almost doubled in size," Mr. Carey pointed out. Consolidated assets amounted to \$37,760,000 at the end of 1948. The 1947 assets were \$33,542,000. Liquidation value increased from \$45.72 in 1947 to \$48.16 per share at the end of 1948.

## Tefft and Thwing Promoted by Providence Washington

Donald E. Tefft and James R. Thwing have been named assistant secretaries of Providence Washington and Anchor. Mr. Thwing also was elected assistant secretary of Providence Washington Indemnity.

Mr. Tefft, who is manager of the reinsurance department, joined Providence Washington in 1946 after service with the army air force, having spent three years in the European theatre. He is a graduate of Brown University, 1940.

Mr. Thwing started with the company in 1948 as manager of the combined claims department. He is a graduate of the University of Minnesota law school. He entered the insurance field with the St. Paul group and served in the home office and eastern department before joining Providence Washington.

## Forms Stock Affiliate

Stock Insurance Co. of Green Tree has been formed at Philadelphia with capital and surplus of \$1,200,000 to write

extended coverage for members of Mutual Assurance for Insuring Houses from Loss by Fire. Under its charter the latter company is restricted to writing straight fire insurance. The stock of the new company has been purchased by Mutual Assurance.

## For Gulf 1948 Was Best Year in History

Net premiums of Gulf and Atlantic in 1948 reached a new high mark of \$8,355,550. Capital was increased from \$1,200,000 to \$1,300,000 and net surplus at \$1,958,341 is more than \$200,000 higher. Combined premium reserve now stands at \$7,818,890, an increase of \$1,687,546. President T. R. Mansfield reported that 1948 was the best year in history.

## Farm Insurance Counsel

"Capper's Farmer" of Topeka, in its February issue carries an insurance article written by Clyde Zimmerman, associate editor, entitled "Meet Farm

Risks With Up-to-Date Insurance." Mr. Zimmerman counsels the farmers to see that the amount and the extent of their insurance coverage has been adjusted to the increased values. He emphasizes that building costs have doubled since 1940 and that amounts of insurance that may have been adequate no longer than a year ago, today may be insufficient. He particularly emphasizes the importance of insuring personal property. He states most insurers will accept liability up to two-thirds and at times, three-fourths of the fair appraised value of farm property.

Observing that the farmer cannot recover the entire amount of his loss from the insurance company, he emphasizes that it is "good business" to eliminate fire hazards and practice good house-keeping. He refers to the comprehensive personal liability insurance for farmers. He recommends the medical payments feature, saying that many a farmer digs into his own pocket to pay the medical expenses of valued employees.

## Loss Executives Elect

Eastern Loss Executives Conference at its annual meeting voted to change its name to Loss Executives Assn. Officers

elected are B. B. Gracey, Hartford Fire, president, succeeding E. Scott Hale, American; C. E. Black, Royal-Liverpool, vice-president; John J. Satterlee, Atlas, treasurer, and J. B. Scheuerman, Pearl, secretary. Thomas P. Finnegan, Corroon & Reynolds, was named alternate secretary.

Grant Bulkley, Springfield F. & M.; George F. Thomas, Phoenix of Hartford, and Mr. Hale are the new members of the executive committee.

## New Tampa Arson Charge

New charges have now been launched against William Lee of Tampa in connection with the fire that destroyed the \$200,000 citrus canning plant at Tarpon Springs in August, 1947. The original charge was ruled invalid by the Florida supreme court. Lee is now charged with intent to injure and defraud the insurance company and with procuring John Allen to burn the building and that Allen procured William Mitchell to do the actual burning. Allen and Mitchell have both pleaded guilty.

Charles Nahm, Louisville local agent, is home after an operation for appendicitis, and expects to be back at his office in a few days.



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## Camden Director



EDWIN P. SIMON

Edwin P. Simon, partner in the Critchell-Miller agency of Chicago, has been elected a director of Camden Fire. Critchell-Miller agency has been Camden Fire's metropolitan Chicago agents since 1900. Lyman Drake, Sr., of that firm was a director of Camden at his death.

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## Accident Deaths Drop 2% in '48; Auto Record Good

National Safety Council estimates that the accident fatalities last year numbered 98,000, a decrease of 2%. Injured were 10,300,000 and the cost was \$7 billion 200 million.

Home accidents again showed up as No. 1 accident killer.

While all accident classifications except home showed decreases, the overall decrease was due principally to a sharp drop in public accidents other than motor vehicle—notably drownings and disaster tolls.

This decline in public deaths, plus a reduction in motor vehicle fatalities which was numerically modest but large in relation to soaring travel miles, were the brightest spots in the accident picture.

Motor vehicle fatalities were 32,000, down 2%; home 34,500, up 1%; occupational (civilian), 16,500, 3% less; public (civilian, not motor vehicle), 16,500, 6% less and military personnel 1,200, down 8%.

### Lowest Rate on Record

The 1948 all-accident death rate was 67.1 per 100,000 population. This is the lowest rate on record, topping the previous record low rate of 68.4 in 1921.

Nevertheless, one out of every 14 persons suffered a disabling injury in 1948.

Deaths of children under five declined 2% in 1948, and children in the 5-14 group had a 6% decrease. There were 3% fewer deaths in the 15-24 and 25-44 year groups. Persons 45 to 64 years had a 1% decrease in deaths. However, aged persons 65 years and older recorded a 1% increase.

Falls brought deaths to 27,000 persons in 1948, or 3% more than in 1947. Deaths from burns numbered 8,400, a

1% increase from 1947. Drownings totaled 6,900 in 1948, 7% under 1947. Firearms deaths dropped 8% to 2,300.

Catastrophes in which the toll was at least five lives occurred much less frequently in 1948 than in 1947, and resulted in far fewer deaths. Up to the closing days of 1948, the number of deaths in such catastrophes totaled about 1,100, according to Metropolitan Life as compared with 2,100 in 1947.

Only one catastrophe in 1948 caused as many as 50 deaths—the Oregon-Washington flood. Five others caused between 25 and 50 deaths—three airplane crashes, the Illinois tornado and a swamped launch.

As in past years, the bulk of the accident total was made up of one or two death accidents.

The motor vehicle death toll of 32,000 was 2% under the total of 32,697 in 1947 and about 8,000 below the all-time high of 39,969 in 1941.

The December traffic death total was 3,120, a 3% decrease from December, 1947.

Vehicle mileage in 1948 is estimated at 7% above 1947, and 19% above 1941. The death rate per 100 million vehicle miles was estimated on the basis of preliminary data at 8.1, the lowest rate on record.

## Jones Speaks at Peoria

Opposition to compulsory A. & H. insurance at the state level was advocated by Wesley J. A. Jones, executive secretary of National Assn. of A. & H. Underwriters, in his talk before the Peoria association recently.

Mr. Jones does not believe the health bill would get through the Congress, although several probably will be introduced, because of more pressing legislation. The immediate danger is in passage of compulsory A. & H. measures attached to unemployment compensation laws in the states.

An educational campaign is necessary to combat the propaganda from Washington seeking to promote the compulsory plan, he said.

The Peoria association appointed a legislative committee headed by Roy E. Davis, Illinois Mutual Casualty, to watch the situation in Illinois.

## Subrogation Endorsement

The New York insurance department has withdrawn its approval, given in 1942, of the endorsement under which insurers were permitted to waive subrogation rights against the United States under a compensation policy covering a stevedoring risk without premium charge. In practice, the waiver extended to a limited number of policies covering other types of risks if the government insisted. Under the federal torts claims act the U. S. becomes liable as a private individual in accord with the laws of the place where the tort or damage is sustained.

## Meaning of "Direct"

In headlining the story in the Jan. 13 edition regarding the change in operating plans of Bituminous Casualty in Wisconsin, the statement was made that this company had gone on a "direct basis" in the state. This was intended to indicate that the company is dealing directly with agents instead of through a general agency, not that it is dealing directly with assured. There has been some misunderstanding on this score. Eventually Bituminous expects to have a branch office at Madison.

## Hear Trenbath and Hull

ST. LOUIS—A record attendance of St. Louis Blue Goose greeted Most Loyal Grand Gander E. W. Trenbath and Grand Supervisor J. Ray Hull at luncheon meeting Monday. Both spoke briefly, telling of the work of the grand nest.

Commissioner Downey of California has approved the name Coast Ins. Co. for a new organization being formed by F. A. Moore & Co. of Los Angeles.

## Guardian, Executor Bonds Pay \$21,854

A case in which the same person was executor and guardian was decided by the Arkansas supreme court, in Maryland Casualty vs. Arkansas National Bank of Hot Springs.

Maryland Casualty had executed bonds of \$5,000 on behalf of Dr. H. H. Preston as executor of his wife's estate and \$20,000 as guardian of their three minor children. On Aug. 12, 1938, he filed a final accounting as executor and is alleged to have taken credit for expenditures which did not represent lawful disbursements of estate funds, it was argued. Upon his death the bank qualified as successor trustee and curator of the children's estates.

The bank contended the doctor knowingly permitted the estates to be dissipated to the extent of \$21,854. As guardian, the doctor had permitted the executor, also the doctor, to claim unauthorized credits, and it was contended that this was a fraud on the estates. Judgment was sought on both bonds.

On the guardian's bond, Maryland Casualty contended it would be liable only for such assets as came into the doctor's possession as guardian. The judgment was against the surety on both bonds and Maryland Casualty appealed from that portion of the decree which involved the guardian's bond.

The court said that the bond was conditioned for faithful discharge of duties according to the law, and that under Arkansas law the liability of the guardian and the bond is not limited to funds or property that actually come into his hands or control. The doctor as guardian knew that the children's property was being dissipated, and the doctor as executor actually participated in that dissipation the court held. If another had acted as trustee and converted assets of the minors to his use as guardian, the court said, the doctor would not be permitted to participate in that conversion without subjecting himself to full liability for a breach of solemn duty.

## Northeastern in New Home

Northeastern of Hartford has moved its head office from 115 Broad street to the Standard building at 242 Trumbull street, Hartford.

## Denning Elected at Buffalo

William J. Denning, Jr., American Mutual Liability, is the new president of Buffalo Casualty Insurance Claims Managers Council. He was vice-president last year.

Daniel D. Fulmer has been elected president of Travelers Men's Club of Columbus, O. Allen C. Hale is vice president; Joseph W. Ray, Sr., treasurer, and George J. Schorr, secretary.

Ralph Hinkley, for 25 years New England manager of American, was given a testimonial dinner by officers of the group on the occasion of his retirement. Mr. Hinkley is going to Florida for a time.

Carl Roggenkamp, Milwaukee, state agent of Ohio Farmers and president Wisconsin Insurance Club, talked on "Public Relations in the Fire Insurance Business," at a dinner-meeting of Insurance Women of Racine, Wis. Mrs. Ann Mandl, president of the club, was elected delegate to the N.A.I.W. regional meeting at Milwaukee March 19-20.

Peyton Y. Alverson, newly appointed secretary of New Zealand & South British at the San Francisco U. S. head office.



## Receive Nominations for National Board Medals

Nominations of newspapers and radio stations for the annual gold medal awards for outstanding public service in fire prevention are now being received, the National Board announces.

Since 1941, the board has awarded an annual gold medal or \$500 cash to the daily newspaper and the radio station which have contributed most to the betterment of its community through its efforts in the field of fire safety. A similar award for weekly newspapers was established in 1946.

Nominations may be made by any citizen or public official, by community groups, fire chiefs, local insurance boards, safety councils, or by newspaper publishers and station managers. The brochures describing the awards and containing the official nominating blanks are now being mailed to newspapers and radio stations, and to other interested groups.

The closing date is Feb. 28, and entries should contain material covering only the calendar year 1948, from Jan. 1 to Dec. 31, 1948.

Last year the gold medal for daily newspapers was awarded to the Evening Record of Chelsea, Mass.

The "Journal" of Syracuse-Wawasee, Ind., received the award for weekly newspapers, and WLS, Chicago, won the radio station gold medal for the third time.

A bill has been introduced in the Indiana legislature providing for a statewide health insurance program.

Ross T. Stuart has become a partner in the A. B. Redell & Co. local agency, Knoxville, Tenn. The new firm name will be Redell-Stuart & Co.

Forty-six students are enrolled in the educational class sponsored by Insurance Women of Akron. The fire and allied lines course will be completed this week and the liability course will follow.

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## Auditors Launch Bank Fraud Plan

NEW YORK—National Assn. of Bank Auditors & Comptrollers has launched a campaign against bank frauds. The bank fraud prevention committee of the association, headed by David B. Mathias of Bankers Trust Co., is gathering and putting in order and then disseminating to members, statistical information on defalcations. In this effort it has the active cooperation of Surety Assn. of America. The idea is to show how defalcations are perpetrated so that banks can take steps to forestall embezzlements in their own operations.

The committee distributes with the data on defalcations suggested auditing control, these to be sent to member banks on a confidential basis.

### Manual on Verification

The direct verification committee is getting out a manual which goes into the importance of verification of deposited funds and of collateral, together with procedure and forms to be used. These manuals will be distributed.

The association has established as its goal adoption of an audit program by every bank and to accomplish this its executive committee has set aside funds to bring to the attention of all banks the seriousness of bank frauds. This is to be accomplished by direct mailings from time to time.

The association committee on problems of smaller banks will attempt to sell auditing in every bank. It is preparing an audit schedule control book for smaller commercial banks showing functions to be audited, frequency, by whom, and so on, with the auditing procedure listed opposite each function. The savings banking committee is working on that type of bank, and that committee also is developing a manual for auditing savings banks and savings departments of commercial banks.

## Give Warning on Traffic Hazards



Pictured above is the new lighted sign of the St. Paul companies located on a main thoroughfare of St. Paul. The sign shows the temperature at one end and on the other is a record of traffic fatalities in the state and the nation. The theme is: "Temperatures Change But Death Is Permanent."

### Would Hike Pa. Benefits

HARRISBURG, PA.—Bills to increase workmen's compensation and occupational disease benefits in Pennsylvania have been introduced in the state senate, in line with recommendations of Gov. Duff. They have the support of AFL, CIO and UMW.

They would increase maximum weekly from \$20 to \$25; provide for artificial limbs and fix total compensation on a sliding scale based on number of dependents.

### Travelers Moving in N. Y.

Travelers has begun its move from 55 to 80 John street, New York City. The cashiers department, fidelity and surety division and fire companies have already moved. All the other departments are remaining at 55 John street until further notice. Travelers bought the 80 John

street building some months ago. Zurich bought the 55 John building and will remodel extensively. The moves have to be dovetailed skilfully, as Zurich has been occupying 80 John.

### Fortman N. J. President

New Jersey Fieldmen's Assn. has elected C. A. Fortman, Fireman's Fund, president; Walter D. Sheldon, Niagara, vice-president; J. A. Reid, New York Underwriters, secretary; C. D. Shepherd, Automobile, treasurer, and James Corcoran, New Brunswick and E. S. Owen, Hanover, new executive committeemen.

Public relations was the topic at a meeting of Insurance Women's Club of Oklahoma City. Paul Hohelsel, public relations director of Oklahoma Gas & Electric Co., was the speaker. A report was submitted on a revised constitution, which will be voted on at the next meeting.

## Sloppy Pasting Doesn't Alter the Contract

Kentucky court of appeals has held for Travelers in an effort by an assured to negative the effect of a policy exclusion on the ground that a rider had been pasted over this section of the contract. Here, a trucker was involved in accidents causing loss of \$1,178 cream being transported for Somerset Creamery Co., and the trucker settled with his customer. He contended that pasting the rider over the exclusion of liability for property being transported by the insured deprived him of knowledge of the limitation. The court, however, found that the exclusion provision could have been read by folding back the papers without having torn them loose, as was actually done by the assured's attorney. The provisions were not effectively concealed, obliterated or canceled, nor could the manner of affixing the riders reasonably lead the assured to so believe. The case is Travelers vs. Wright.

### Would Raise Ind. Benefits

A bill to increase workmen's compensation benefits has been introduced in the Indiana assembly.

### Randall's Talk Goes into Record

WASHINGTON—"Why the insurance business has prospered in Connecticut and what it has done for the state" is the caption placed in the Congressional Record appendix by Rep. McGuire, of that state, over a recent address by Jesse Randall, president of Travelers, before the Hartford Rotary Club.

Insurance Women's Club of Tacoma will be hostess to the clubs of region 2 of National Assn. of Insurance Women Feb. 26-27. Clubs participating will be: Phoenix, Tucson, San Diego, Long Beach, Fresno, Los Angeles, San Francisco, Oakland, Eugene-Lane County, Portland, Seattle, Spokane and Tacoma. Alberta Beamer, San Diego, regional director, will preside.

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## NEWS OF FIELD MEN

### Illinois Field Men Brave Ice to Meet at Peoria

By JOHN C. BURRIDGE

PEORIA—Despite ice conditions that forced many of those who attended to park their automobiles in outlying cities and make their way on by train, there was an exceptional turnout for the meetings of the four Illinois field organizations here last week. The groups which gathered were Illinois Fire Underwriters Assn., Illinois Field Club, Illinois Fire Prevention Assn., and Illinois Blue Goose. This was the annual meeting of the fire preventionists and the midyear conventions for the other groups.

Throughout the entire proceedings there was evidence of interest in association work and a willingness to follow through on plans.

The festivities began Wednesday evening with a Blue Goose dinner followed by an initiation of 13 goslings. There was an attendance of 130 for this affair, at which the Peoria puddle played host. Arrangements were in charge of W. C. Jordan, Illinois Inspection Bureau. Edgar H. Miller, North British, most loyal gander, presided.

The class of goslings received the admonition from Harry J. Conklin, Cook county manager of Loyalty group and deputy most loyal grand gander for Wisconsin. The charge was delivered by Dan J. Harrigan, St. Paul F. & M.

#### Golf Winners Get Prizes

Winners of the 1948 pond golf tournament were awarded prizes. First place went to Melvin L. Schneider, Crum & Forster. R. H. Erickson, Chicago general agent, and W. J. Rothfuss, independent adjuster of Decatur, were runners-up.

The presentation was made by O. H. Sturgeon, Pearl.

I.F.U.A. and Illinois Field Club held separate meetings for the first half of the following morning and then met jointly the remainder of the day. These groups are pursuing a parallel course and are combining their activities in the fields of public relations and fire prevention.

Both field organizations have formed new loss, legislation, and rules and forms committees. It was announced at the I.F.U.A. meeting that W. M. Miran, Atlas, is in charge of the forms and rules committee; A. C. Schilke, Hartford, heads the legislation committee. For the Field Club, Lloyd Eppler, Loyalty group, is head of the loss committee; Edgar Taylor, Loyalty group, is in charge of the legislation committee, and M. B. Olsen, Northwestern National, is chairman of the rules and forms committee.

#### Parent Bodies Send Greetings

Eugene F. Conour, North British, was in the chair at the I.F.U.A. session as president of that body. He read greetings from Edward H. Born, manager of Western Underwriters Assn. Greetings for the Field Club were delivered by Mr. Conklin. Vern B. Hartung, Security Fire of Des Moines, is president of the Illinois Field Club.

Among the items of business taken up was a recommendation by Charles Kuffel, National Union, who suggested that the Illinois Inspection Bureau fire rule book might be improved by a better placing in the book of subject matter. He was authorized to prepare an outline which would include all matters under one subject in the same place and this will be sent to the membership in the bulletin.

Speaker at the joint meeting was W. H. Atkinson, Chicago manager of Owens-Corning Fiberglass Corp., who talked on manufacture and use of glass products.

#### Prevention Session of Interest

Especially interesting was shown at the afternoon session when the public relations and fire prevention groups took over. Much progress has been made in Illinois in these activities and the reports were given in glowing terms.

New officers elected by Illinois Fire Prevention Assn. are: President, A. C. Schilke, Hartford Fire; vice-president, Frank MacLeod, Hanover. Herbert H. A. Elkin, Camden, was reelected secretary. C. M. Wilcox, New Hampshire, is retiring president. New members of the executive committee are: Robert G. Blair, State of Pennsylvania; W. H. Jennings, Jr., Kansas City F. & M.; Vincent Mooney, London Assurance; X. R. Royster, Citizens; O. H. Sturgeon, Pearl, and Eugene E. Wild, Illinois Fire. Lloyd Eppler, Loyalty group, and Helmer Johnson, Great American, reported for the nominating committee.

A letter of greetings from Richard E. Vernor, fire prevention manager of Western Actuarial Bureau was read by Grant Bissell, Aetna Fire. Mr. Vernor's letter indicated that Illinois has risen to one of the top three middlewest states in fire prevention work. It ranks high in number of town inspections, recommendations, compliances, and speeches. Mr. Elkin's report as secretary further brought out the activities. He noted the accomplishments in other states and said that Illinois would make use of new ideas of other associations.

A report on the Springfield program of home and mercantile inspections by the fire department at the request of property owners was given by Mr. Schilke. This is a plan that was developed in Seattle and was recently adopted at Springfield. It has brought some favorable publicity to the fire prevention association.

In his report on the fire show at the Illinois state fair, Mr. Elkin pointed

out that the association has entertained 330,000 persons in two years at a cost to companies of less than \$3,000. The group has a usable inventory of equipment valued at more than \$1,500. Inquiries regarding the show have been received from a number of states.

Illinois field men have made a remarkable record since Oct. 1 in public relations, Robert Johnson, Aetna Fire, said in his remarks as chairman of the public relations committee. He reported on the number of talks made and the size of the audiences, and pointed out that they compare very favorably with achievements in other states.

A humorous skit on public relations followed, Mr. Conour taking the leading role. He was supported by Messrs. Schilke, Elkin, Helmer Johnson, J. A. Baxter, Royal and Frank MacLeod, Hanover. The subject matter was public relations.

The final item on the agenda was the showing of movies of the fire show at the state fair and two National Board movies on fire prevention.

### Plan Commissioner's Night

HARTFORD — Connecticut Field Club has designated its next meeting Feb. 7 as "commissioner's night." Commissioner Allyn and his staff have accepted an invitation to attend.

### Simmons Joins Pearl

Frank A. Simmons has been appointed state agent in Connecticut, Rhode Island and Maine for Pearl-American group. He has traveled the Connecticut field since 1945 as special and state agent.

### Hilgers Goes with Cimarron

Mike A. Hilgers, for the last two years in charge of the A. & H. department of the Lauren W. Jones agency, Dodge City, resigned to join the Cimarron Insurance Co. of Cimarron, Kan., as special agent. Mrs. Hilgers and Mrs. Jones are sisters.

### Brown to Illinois Field

George H. Brown who has been in charge of inland marine operations for Pearl-American group at Chicago, has been made a special agent under State Agent Leo M. Zech in northern Illinois and will devote part of his time to the fire business.

Mr. Brown started in the business in 1934 with Appleton & Cox at Chicago. From 1936 to 1941 he was marine underwriter for Fred S. James & Co., after which he joined Phoenix of Hartford as underwriter and special agent. Following the war he was with Loyalty group before joining Pearl.

### Syme to Boston in Minn.

MINNEAPOLIS—Joseph Syme, who has been with Fire Underwriters Inspection Bureau here, is now associated with Boston Ins. Co.

### First Texas Inspection Feb. 16

North Texas Field Club will conduct a town inspection of Gatesville Feb. 16-17. Between 25 and 30 members of the club will assist.

This will be the first town inspection to be conducted by any of the Texas field clubs.

Michigan Fire Prevention Assn. will inspect Clare Feb. 9.

## CHICAGO

### LEVENS 30 YEARS IN ADJUSTING

Wilson S. Levens of Wilson Scott Levens & Associates, Chicago, is celebrating his 30th anniversary in the insurance adjusting business in that city this month.

He started his adjusting career with Wagner & Glidden in 1919 and after nine months with that organization was appointed Chicago claims manager for the old Indemnity Co. of America at St. Louis, which connection he resigned in 1923 to establish his own independent adjusting office in the Insurance Exchange, Chicago, from which building he has continuously operated. Mr. Levens is one of Chicago's prominent adjusters and has built around him a competent staff capable of handling all lines of insurance loss adjustments.

### AETNA 25-YEAR CLUB ELECTS

President Morgan B. Brainard of Aetna Life and affiliated companies spoke at the annual meeting of the 25-Year Club of the group in Chicago commenting that it is a significant organization because a large proportion of its members are producers. It is the only club of its kind in the whole country-wide organization of the Aetna group.

Rudolph LeBoy of the R. S. Edwards agency of Aetna Life in Chicago, a leading agent of Aetna companies in all lines, was elected president; W. H. Hochfeld, agent, vice-president; J. I. Salins, cashier of the Edwards agency, treasurer, and Katherine Kavanaugh of the bond department of Aetna Casualty, secretary.

The club was formed five years ago and has 54 members who represent some 1,450 years of service, ranging from 25 to 50 years. President Brainard officiated in unveiling a plaque which has all the members' names inscribed on it and shows the dates of their joining the Aetna organization. Four members have died since the club was formed.

### BRAUN TO ADDRESS LEGAL GROUP

William C. Braun, arson chief special agent at Chicago of the National Board, is scheduled to speak on "Arson, Yesterday and Today" before a meeting of Fuller Inn of the International Legal Fraternity of Phi Delta Phi on Feb. 10 at the Bismarck hotel.

Presiding over the meeting will be the fraternity president, Robert H. Lange, who is with Western Actuarial Bureau and an instructor in the department of fire protection and safety engineering at Illinois Institute of Technology.

### POLIO DRIVE SUCCESS

The insurance division of the Cook County March of Dimes campaign is making a handsome record, according to William Neidecker of American International Underwriters, chairman of that unit. Especial efforts are being made to put insurance in the forefront due to the fact that the general chairman of the Cook county campaign is an insurance man, A. A. Morey, vice-president of Marsh & McLennan. The campaign has been extended to Feb. 15.

Jack Frazier, San Antonio, former special agent of Loyalty group, has bought the George R. Saur & Son agency. Mrs. Louis Saur will continue to have a financial interest in the agency.

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## MARINE

### Simpson Marine Chief in South for Security, Conn.

Security of New Haven has appointed John D. Simpson as southern marine manager with headquarters at Atlanta. In 1934, after leaving the University of the South, Mr. Simpson started in the insurance business. He was Georgia, Florida, Alabama special agent for Springfield F. & M., and more recently has been North and South Carolina state agent for Appleton & Cox. During the war he served in the Pacific with the marines.

### Companies Quitting P.P.F.

TORONTO—The loss ratio in the personal property floater field has reached such a high level in Canada that some companies have decided to cease writing the line altogether. These companies are not renewing contracts as they expire. Within a year they will be out of the field entirely.

## Convention Dates

Feb. 23-25, Michigan agents, midyear, Book-Cadillac Hotel, Detroit.  
Feb. 28, Pittsburgh Insurance Day, Hotel William Penn.  
March 14, Insurance Advertising Conference, spring meeting, Roosevelt Hotel, New York.  
March 14-15, Eastern territorial conference of N.A.I.A., Lord Baltimore Hotel, Baltimore.  
March 23-24, Midwest territorial conference of N.A.I.A., French Lick, Ind.  
March 25-26, Southern territorial conference of N.A.I.A., Sheraton-Bon Air Hotel, Augusta, Ga.  
April 1-2, Rocky Mountain territorial conference of N.A.I.A., Broadmoor Hotel, Colorado Springs.  
April 7-9, Far West territorial conference of N.A.I.A., and midyear meeting of N.A.I.A. National Board of State Directors, Fairmont Hotel, San Francisco.  
April 21-22, Minnesota agents, midyear, Radisson Hotel, Minneapolis.  
April 27-29, Louisiana Agents, annual, Edgewater Gulf Hotel, Edgewater Park, Miss.  
May 23-25, American Assn. of Managing General Agents, annual, Commodore Hotel, N. Y.  
May 16-18, H. & A. Underwriters Conference, annual, Edgewater Beach Hotel, Chicago.  
May 16-19, National Fire Protection Assn., annual, Fairmont Hotel, San Francisco.  
May 20-21, Texas agents, annual, Houston.  
May 23-25, National Assn. of Mutual Insurance Agents, midyear, Haddon Hall, Atlantic City.  
May 26-27, American Management Assn., insurance conference, Hotel Statler, New York.  
June 16-18, New England Advisory Board, summer meeting, Bretton Woods, N. H.  
June 24-30, National Assn. of Insurance Commissioners, annual, Olympic Hotel, Seattle.  
June 26-29, National Assn. of A. & H. Underwriters, annual, Hollenden Hotel, Cleveland.  
Aug. 23-26, Grand Nest of Blue Goose, Olympic Hotel, Seattle.  
Sept. 12-14, National Assn. of Mutual Insurance Companies, annual, Salt Lake City.  
Oct. 10-12, National Assn. of Mutual Insurance Agents, annual, Congress Hotel, Chicago.  
Oct. 25-26, Wisconsin agents, annual, Hotel Schroeder, Milwaukee.  
Nov. 3-4, Connecticut agents, annual, Hotel Stratfield, Bridgeport.  
Nov. 4-5, Nebraska agents, annual, Hotel Cornhusker, Lincoln.  
Nov. 15-16, Kentucky agents, annual, Brown Hotel, Louisville.  
Nov. 22-24, Indiana agents, annual, Claypool Hotel, Indianapolis.  
Dec. 6, Arkansas agents, midyear.

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In relation to the number of companies writing this type of contract, the number which so far have indicated their intention of dropping out is reported to be small, but it is understood that others have the matter under consideration.

They say it is impossible to get the business on a paying basis, as it is too easy for the companies to be victimized by policyholders.

### Gaskill to Louisville F. & M.

Thomas Gaskill, formerly with the Anchor Agency of New York as general marine underwriter, has joined Louisville Fire & Marine, in charge of the inland marine department. He also has been made a director of the company.

### Book Celebrates 75 Years

London Assurance has published a book entitled "American Adventure 1872-1947," commemorating the completion of 75 years in the United States. The book takes the reader back through American insurance history in tracing the progress of the United States branch.

### Insurance Coverage for Inauguration Is Detailed

WASHINGTON—The committee, which made arrangements generally in connection with the inauguration of President Truman, aside from purely official ceremonies, arranged for insurance protection against about every kind of risk except weather. But the weather was clear, dry and cool. Thomas P. Morgan, Jr., Mutual Life of New York, who acted as chairman of the inaugural subcommittee on insurance, said the purchasers of tickets for seats along the line of the parade from the Capitol to the White House, assumed the weather risk themselves.

### Patterned After Army-Navy Game

Mr. Morgan said he patterned the insurance program after coverage arrangements made for the Army and Navy football game at Philadelphia annually. He said the committee had insurance in five or six companies against fire, theft and damage. Liability ran from \$50,000 for a single life up to \$1,000,000 for the collapse of one of the reviewing stands along the parade route, he said.

He declined to name companies with

which the committee had placed coverage. However, he did deny a published report that Lloyds had underwritten the inauguration. Washington area businessmen raised a guarantor's fund of some \$200,000, in effect underwriting the committee. Morgan listed these things as having been given special insurance coverage:

The gala entertainment on the eve of the inauguration and the inaugural ball the night of Jan. 20 were insured against robbery and fire.

Missouri mules that marched in the parade were protected by a policy.

The fireworks display inauguration night was insured against spectators being injured.

Street decorations along the parade line of march were insured against fire.

Even tickets for the inauguration were insured against fire and theft while in the committee's hands.

The Wichita Association of Insurance Women has voted to make February "Safety Month" in cooperation with the traffic safety department of the police department. Vice-president Ann Uhlenschmidt of the Russ Frater agency has been named chairman of the month's campaign which will include radio broadcasts, newspaper and other publicity.



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## EDITORIAL COMMENT

### Buying Programs More Critically

The price of organization luncheons and dinners steadily has mounted since the war. A \$2.50 tap used to be fairly heavy, but here as elsewhere inflation bloated the price and watered down the quality. For top flight programs, a \$3.50 to \$5 charge still does not stand in the way of a good crowd. But mediocre billings on which the price tag is substantially all of a \$5 bill are meeting with resistance, and attendance has fallen off.

The membership of few organizations is confined to high income bracket executives, to whom a \$3 to \$5 luncheon or dinner fee is inconsequential. Most organizations are made up and supported by working members of the insurance fraternity. Speaking as to income size alone this is from vice-presidents and general agents on down, men who are anxious to learn more about the business, interchange information and pleasantries with others who have the same problems and who are confronted by similar tasks. It is this type

of affairs that is becoming more discriminating in its buying. He is looking with a critical eye at the quality of the program offered.

There is little that can be done about inflation, although effort should be made to find less expensive places—the quality of the inevitable luncheon-dinner food doesn't change much kitchen to kitchen. But it is growing more important that organizations come up with good programs, if the group is not to lose headway. We can remember the difficulties such organizations encountered in the early days of the depression. If program chairmen—as well as other officers of associations—note the trend of the times and in response thereto produce good speakers, forums, or other association fare, they can revive dwindling interest. Certainly the press will appreciate an improvement of this kind, members are going to like it a lot better, and the organization luncheon type food at ridiculous prices will go down better.

### Judging the 1948 Results

Even more than an improvement in loss ratio, it will probably be found that the breath-taking underwriting profits of 1948 were attributable to what will probably be a record low in expense ratio. It is well to keep this in mind, to understand why the expense ratio dropped as it did and to avoid thinking of a ratio in that range as being necessarily a permanent feature. Except for certain commission reductions it was not possible to reduce the dollar amount of expenses and, actually, there was undoubtedly an increase. The fact that expense ratios will be running around the 40% mark in many companies, particularly the larger ones, is due to the amazing increase in premium dollar per item insured. So far as home office overhead is concerned, it costs no more to process a risk on which the amount of insurance has been increased to produce a premium of say, \$50 than it does to handle the same risk insured for half as much and producing a premium of \$25. The low expense ratio springs almost entirely from inflationary influences.

The contrast with the depression days of the early 1930's is striking. Then the expense ratio was no problem but deflation had carried so far that expense ratios in the neighborhood of 55% were not uncommon. There were salary reductions, lay-offs and other economy

measures instituted, but the fixed expense could not be reduced in proportion to the reduction in premium volume.

The great emphasis then was on bolstering income to dilute the expenses in an endeavor to keep from going over 50%. This took the form, for instance, of starving reinsurers, it was a day of intensive commission competition and other practices that were irregular in the light of voluntary organization principles. Management was shocked at being engulfed by a 55% expense ratio in those days but it would have been unrealistic to have decided that such a distortion, brought about by a radical turn of the economic cycle should become a fixture in the business. Actually, of course, it was not long before the imbalance corrected itself and the expense ratios again dropped comfortably below 50%.

It would be equally unrealistic today to decide that because of a violent economic surge in the other direction that a 40% expense ratio can now be regarded as normal. A company doesn't boost salaries, move into more luxurious quarters and expand its overhead costs in general just because it would be possible to do so and still come out with an expense ratio of less than 50%. What a company must do is to pay decent and adequate salaries, operate in proper surroundings, make investment in building

manpower and let the ratio turn out to be about what it has to be. In a sharply deflationary period, it is impossible to keep the expense ratio on an even keel by reducing costs and in such an inflationary period as we have been passing through, the expense ratio is simply bound to assume fantastically small proportions. However, unless it can be established that we are actually on a permanently higher plateau, economically speaking, an assumed loss ratio of 40% or less cannot be taken as cutting a permanent pattern.

It would be the millennium for insurance if it should turn out that the costs of properly conducting the business are such as to produce an expense ratio of but 40%, yet that seems to be entirely beyond the realm of possibility. We seem now to be in a deflationary period, the rate of premium increase is far less than what it was and perhaps we may see a declining volume set in. That will automatically cause the expense ratio to ascend without any increase in overhead costs. Then, too, the 1948 experience will be charged into future rates and will have a depressing influence there so that a decline in rate of premium may go hand in hand with a decline in the amount of insurance purchased.

The increases in surplus that were produced last year will remain with the companies, barring a drastic decline in securities values. This increases the safety factor for policyholders and also will serve to finance an expansion of underwriting capacity if that should still prove necessary. The money is not being syphoned off for stockholders. There have been some modest increases in

dividends, but there is a long way to go before the stockholders receive even a lion's share of investment income. After many lean years, stockholders have the satisfaction of seeing their insurance equities hold steady or increase slightly against the trend of the market, but this increase is attributable to the improvement in the break-up value of companies rather than to increased dividends.

It is important for those in the business to recognize the nature of last year's profits so as to interpret the situation correctly to the public. It will also require considerable forbearance and understanding on the part of employees and agents to refrain from feeling that they are being mistreated for not receiving greater fruits of the harvest. The question of whether wage levels are adequate in the insurance business to attract and hold the type of employee that a business of this magnitude and complexity should have is doubtful, but that is another question. That matter ought to be settled on its merits and from a long range standpoint, without reference to the vagaries of expense or loss ratios. Much can be said, we believe, for a general improvement in salaries for insurance workers, but if that is necessary and does come about, it should then be recognized as a necessary and proper cost of doing business in the right way and such cost should not be open to criticism if it produces a higher than normal expense ratio in times of rapidly declining volume. By the same token, an unforeseen turn of events causing premium income to skyrocket cannot be an invitation indiscriminately to increase costs and it is not being so accepted.

## PERSONAL SIDE OF THE BUSINESS

**Harry K. Rogers** of the fire prevention department of Western Actuarial Bureau still makes weekly visits to the hospital to check up on injuries he received in an automobile accident last summer. Mr. Rogers goes to the office every day, but is not allowed to engage in field work.

**O. H. Sturgeon**, Illinois state agent of Pearl, and Miss Dorothy Queen of the Queen agency at Alton, will be married Feb. 1 at Chicago. They will honeymoon on the west coast, where they expect to meet **Lloyd J. Eppler**, Illinois state agent of Loyalty group, who will be taking his 25th anniversary trip with his wife there at that time.

**Walter Samet**, Cook county manager of Automobile and Standard of Connecticut in Chicago, Feb. 20 will celebrate his 70th birthday, and simultaneously 55 years in the fire insurance business. A native of Chicago, he started in fire insurance as an office boy. From 1903 to 1920 he was with Westchester at Chicago, most of the time being an examiner, and then until 1927 was with the Cook county department of Ameri-

ca Fore there, most of the time as executive special agent. He resigned and became Cook county manager of Automobile and Standard in 1927. It is likely that the office staff will get up some informal affair honoring Mr. Samet on his birthday.

**M. J. Zemek**, insurance manager of Colgate-Palmolive-Peet, is visiting all the company's domestic plants, his last stop being Berkeley, Cal., where he is staying for about 10 days. He was formerly located at San Francisco as associate Pacific Coast manager of the National Union group.

**Ennis E. Murray**, of Nashville, president of Paramount Fire has received the silver antelope award, next to the highest award in the Boy Scouts, in recognition of his 25 years' active interest in that work.

**Thomas Watters, Jr.** of the New York and Washington law firm of Watters, Cowan & Baldrige and well known figure in insurance legal circles, was taken to Illinois Masonic Hospital, Chicago this week after suffering an attack at the Edgewater Beach hotel. He was

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**KANSAS CITY 6, MO.**—605 Columbia Bank Bldg. Tel. Victor 9157. William J. Gessing, Resident Manager.  
**MINNEAPOLIS 2, MINN.**—558 Northwestern Bank Bldg. Tel. Main 5417. R. W. Landstrom, Resident Manager.  
**NEW YORK 7, N. Y.**—99 John St. Room 1103, Tel. Beekman 3-3953. Editorial Dept.—Eastern Editor: Kenneth O. Force; Assistant Editors: Stephen J. Perry and Donald J. Reap.

**Business Dept.**—Ralph E. Richman, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.  
**PHILADELPHIA 9, PA.**—123 S. Broad Street, Room 1127. Tel. Pennypacker 5-3705. E. H. Fredrikson, Resident Manager.  
**SAN FRANCISCO 4, CAL.**—507 Flatiron Bldg. Tel. EXbrook 2-3054. F. W. Bland, Pacific Coast Manager.



February 3, 1949

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in the city for a meeting of the steering group of the insurance section of American Bar Assn., of which he is a former chairman. It is expected that he can leave in a few days.

**W. P. Brown** of the Brown & Bagley local agency of Peoria, Ill., underwent a serious operation at Presbyterian hospital, Chicago Tuesday.

**H. C. Conick**, U. S. manager of the Royal-Liverpool group, has been elected to the board of the Beekman-Downtown hospital in New York.

## DEATHS

**Fred Tracy Best**, secretary of National Retailers Mutual of Chicago, died at Memorial Hospital, Springfield, Ill., four days after he had been removed there from a train en route to Chicago from Dallas, due to a heart attack. He was returning from attending agency meetings at New Orleans and Dallas and was stricken on the train. His age was 54 and he was the oldest employee of National Retailers in point of length of service.



Fred T. Best

Mr. Best started in 1913 with the western department of Crum & Forster at Freeport, which had been his home and in 1919, after serving in the war, he joined Lumbermen's & Manufacturers Mutual Agency at Chicago and the next year was transferred to National Retailers. He was elected secretary about seven years ago. He was also secretary of American Motorists and American Motorists Fire.

Mr. Best was traveling in a special Kemper car on the train and suffered an attack upon leaving St. Louis. A doctor boarded the train at Alton and arranged for removal to the hospital at Springfield.

He was director of Lumbermen's & Manufacturers inspection bureau and president of Underwriters & Accountants Association of the Mill Mutuals. He served as president of the Kemper Men's Club in 1945 and 1946.

**Frank A. Jones**, operator of the Jones Realty agency, organized at Pittsburg, Kan., in 1908, died in a hospital there at the age of 75.

**W. W. Wise**, who just retired Dec. 31 as head of the public utility inspection work for Eastern Inspection Bureau, died in Brooklyn at the age of 65. He was a graduate of Columbia, and had been with the inspection bureau since 1920.

**Joseph P. Martin, Jr.**, 32, local agent at Virden, Ill., died of a heart attack at his home. He had operated the Haines agency at Virden since the death of his father-in-law, William Haines, several years ago.

**James P. Keating**, president of the John P. Keating & Son agency, Rochester, N. Y., died of a heart attack at Chicago, where he had gone to attend a convention. Mr. Keating had headed the agency since 1943, when his father died.

**M. G. Nungesser**, 86, for many years an adjuster, died in a hospital at Galion, O., the result of injuries received in a fall. He served two terms in the Ohio legislature.

**George W. Cook**, who was head of the Cook-Reynolds agency at Lewistown, Mont., for more than 20 years and was former mayor there, died at the age of 95.

## Bayless Resigns; Martin to Wis. for N. Y. Underwriters

B. W. Bayless, Milwaukee, has resigned as state agent of New York Underwriters to join the engineering department of Chris. Schroeder & Son, Milwaukee. Mr. Bayless was with Michigan Inspection Bureau at Detroit for eight years and later was with Royal-Liverpool as production engineer and state agent in Indiana.

New York Underwriters has named Harold M. Martin, special agent in southern Illinois and eastern Missouri, to succeed Mr. Bayless in Wisconsin.

## Long Dividend Records

In listing common stocks with the longest unbroken dividend payment records financial writers include two insurance companies in the top bracket, these being companies whose stock is traded on the New York Stock Exchange or New York Curb. Continental stands in fourth place among all such companies, with a record of 94 years. Fire Association is seventh, 90 years. Of course there are a number of insurers with even longer records, that are unlisted. North River is generally credited with having the longest record.

At the annual combined dinner meeting of Insurance Women's League of Battle Creek, Mich., and Battle Creek Assn. of Insurance Agents, Roland H. Lange of Hartford Fire spoke on "The Need for a Better Understanding Within the Insurance Industry and the Public." Mrs. Hudson and Russell Worgess presidents respectively of the two groups, presided.

Northern of New York has declared the regular semi annual of \$1.50 and an extra of \$1, which is 50 cents more than the usual extra. Both are payable Feb. 18 to stock of record Feb. 8.

## STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago, Jan. 31, 1949

	Div.	Bid	Asked
Aetna Casualty .....	2.00	81	82
Aetna Fire .....	1.80*	52	53 1/2
Aetna Life .....	2.50*	54 1/2	56
American Alliance .....	1.10*	23	24
American Auto .....	1.20	45 1/2	Bid
American Casualty .....	.80	12 1/2	13 1/2
American (N. J.) .....	.70	18	19
American Surety .....	2.50	61	63
Boston .....	2.40	62 1/2	64 1/2
Camden Fire .....	1.00	20	21 1/2
Continental Casualty .....	2.00*	56	57 1/2
Fire Association .....	2.50	63	65
Fireman's Fund .....	2.60	80	82
Firemen's (N. J.) .....	.50	15 1/2	16 1/2
Glens Falls .....	2.00*	48	49 1/2
Globe & Republic .....	.50	10 1/4	11 1/4
Great Amer. Fire .....	1.30*	33 1/2	35
Hanover Fire .....	1.20	32	33
Hartford Fire .....	2.50*	119 1/2	121
Home (N. Y.) .....	1.30	29 1/2	30 1/2
Ins. Co. of North Am. .....	3.50*	107	111
Maryland Casualty .....	.50	15	16
Mass. Bonding .....	1.60	27 1/2	29
Merchants Fire, N. Y. .....	1.15*	30	32
National Casualty .....	1.25*	25 1/2	27
National Fire .....	2.00	52 1/2	54 1/2
New Amsterdam Cas. .....	1.20	30 1/2	32 1/2
New Hampshire .....	2.00	44	46
North River .....	1.00*	25 1/2	26 1/2
Ohio Casualty .....	1.00	49	Bid
Phoenix, Conn. .....	2.00*	88	90
Preferred Accident .....	.34*	4	4
Prov. Wash. .....	1.40*	34 1/2	35 1/2
St. Paul F. & M. .....	2.25*	79	81
Security, Conn. .....	1.40	32 1/2	33 1/2
Springfield F. & M. .....	1.90	45 1/2	47
Standard Accident .....	1.45	32 1/2	33 1/2
Travelers .....	22.00*	648	658
U. S. F. & G. .....	2.00*	53	55
U. S. Fire .....	2.00	60	62

\*Includes extras.

# The Value of a Good Name

"Who steals my purse steals trash . . .  
But he that filches from me my good name  
Robs me of that which not enriches him,  
And makes me poor indeed."

Shakespeare said it, and we believe he would have made an outstanding insurance agent. For in insurance the value of a good name cannot be overestimated. There is no easy way to acquire a good name. No amount of money can buy the confidence and good will it inspires. A good name can be earned only by years of consistently sound service and prompt payment of all just claims. In view of Hanover's and Fulton's outstanding record we feel that the Bard of Avon would be the first to pardon us for pointing with pride to our own good name.

★  
**THE HANOVER  
FIRE INSURANCE CO.**  
OF NEW YORK  
Organized 1852

★  
**THE FULTON  
FIRE INSURANCE CO.**  
NEW YORK

★  
HOME OFFICE  
111 John St., New York, N. Y.

WESTERN DEPT.  
Insurance Exchange Building, Chicago 4, Ill.

PACIFIC COAST DEPT.  
340 Pine Street, San Francisco 4, Cal.

## QUEEN CITY FIRE INSURANCE COMPANY

SIoux FALLS

D. P. LEMEN, President

SOUTH DAKOTA

1905 Forty-four years of service 1949

# CONTINENTAL COMPANIES

General Offices: Chicago, Illinois

## Continental Casualty Company

Financial Statement — December 31, 1948

### ASSETS

Cash .....	\$ 20,660,272.98
*United States Government Obligations.....	30,775,084.00
*Canadian Government Obligations.....	4,195,318.48
*Other Public Bonds.....	10,584,882.0t
*Railroad Bonds and Equipment Trust Certificates .....	1,205,814.50
*Public Utility Bonds.....	1,454,383.50
*Miscellaneous Bonds .....	1,691,448.00
*Preferred Stocks .....	5,689,677.00
*Stocks of Associated Insurance Com- panies .....	5,221,944.00
*Other Stocks .....	8,942,043.00
Mortgage Loans .....	71,948.45
Administrative Office Buildings.....	3,621,761.38
Premiums in Course of Collection.....	8,725,579.95
(Not over 90 days past due)	
Accrued Interest and Rents.....	393,635.65
Other Assets .....	603,710.31

ADMITTED ASSETS .....\$103,837,503.21

### LIABILITIES

Unearned Premium Reserve.....	\$ 26,584,603.83
Reserve for Claims.....	35,032,179.09
Miscellaneous Liabilities .....	6,168,017.56
Reserve for United States and Canadian Income Taxes .....	2,061,318.03
General Contingency Reserve.....	7,350,000.00
Capital .....	\$ 6,000,000.00
Surplus .....	20,641,384.70

Capital and Surplus..... 26,641,384.70

TOTAL .....\$103,837,503.21

\*Eligible bonds amortized. Insurance stocks valued on basis of pro-rata share of capital and surplus. All other securities at quotations prescribed by National Association of Insurance Commissioners.

Net premiums written during  
1948.....\$77,668,318.09  
Increase over 1947 ..... 13,590,364.94

### DIRECTORS

WM. McCORMICK BLAIR William Blair & Company Vice President	*HARRY W. DINGMAN Vice President and Medical Director
WILLARD N. BOYDEN Vice President	FRANK R. ELLIOTT Director, Harris Trust and Savings Bank
ROLLIN M. CLARK First Vice President and Secretary	BOYD N. EVERETT Vice President and Treasurer
M. P. CORNELIUS General Counsel	CHARLES F. GLORE Glore, Forgan & Co.
EDISON DICK Director, A. B. Dick Company	

\*Continental Casualty Company only

## Continental Assurance Company

Financial Statement — December 31, 1948

### ASSETS

Cash .....	\$ 4,721,153.35
*United States Government Obligations.....	26,191,520.00
*Canadian Government Obligations.....	208,981.00
*Other Public Bonds.....	502,728.61
*Railroad Bonds .....	9,789,261.22
*Public Utility Bonds.....	33,176,099.65
*Miscellaneous Bonds .....	20,561,899.21
*Preferred Stocks .....	6,137,129.00
Mortgage Loans .....	12,060,493.39
Policy Loans .....	3,989,348.72
Home Office Building.....	3,199,101.24
Elgin, Illinois, Housing Project.....	526,545.17
Other Real Estate Acquired for Invest- ment .....	960,685.24
Net Deferred and Uncollected Premiums	4,093,944.60
Accrued Interest and Rents and Other Admitted Assets .....	761,617.69

ADMITTED ASSETS .....\$126,880,508.09

### LIABILITIES

Statutory Policy Reserves.....	\$ 99,806,767.98
Pending Claim Reserve.....	3,320,940.48
Premiums Paid in Advance.....	5,023,368.08
Miscellaneous Liabilities .....	5,425,635.42
Group Contingency Reserve.....	1,575,000.00
General Contingency Reserve.....	985,000.00
Capital .....	\$3,000,000.00
Surplus .....	7,743,796.13

Capital and Surplus..... 10,743,796.13

TOTAL .....\$126,880,508.09

\*Eligible bonds amortized. All other securities at quotations prescribed by National Association of Insurance Commissioners.

Insurance in Force as of December  
31, 1948 ("Paid-For" Basis) \$1,051,147,006  
Increase over 1947 ..... 181,290,870

*NORMAN HOAG Vice President	*HOWARD C. REEDER Vice President
ARNOLD B. KELLER Senior Consultant and Director, International Harvester Company	*J. M. SMITH Vice President
*F. D. LAYTON Chairman of the Board, National Fire Insurance Company of Hartford	R. DOUGLAS STUART Vice Chairman of the Board, The Quaker Oats Company
	STUART J. TEMPLETON Wilson & McIlwaine
	ROY TUCHBREITER President

\*Continental Assurance Company only

The Continental Year Book discloses in greater detail the Companies' operations and financial structure. It will be furnished upon request.

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## Inform Public to Fight Compulsory Health Insurance

**Called Best Way at H. & A.  
Conference Mid-Winter  
Meeting; Optimism Shown**

Giving the public the full facts as to what such programs mean was pictured as the best way to combat compulsory health insurance schemes at both state and national levels, in a comprehensive discussion of the subject from all angles at the midwinter meeting of H. & A. Underwriters Conference at Chicago this week, with more than 140 in attendance. That discussion included a description of the campaign American Medical Assn. is now getting under way, which will put A.M.A. squarely behind the idea of private insurance and in fact will encourage the doctors to recommend to their patients and friends the purchase of that form of insurance. The keynote of the session was sounded by V. J. Skutt, Mutual Benefit H. & A., conference president, in his opening remarks when he said that it would stress the "value of truth."

### Legislative Picture Outlined

E. H. O'Connor, Insurance Economics Society, in his outline of the 1949 legislative picture found no reasons for discouragement but warned that there could be no letup in the fight at any point. Congress probably will not act on national health insurance or extension of social security to include temporary disability at the present session, as it will want more time to act, but he declared that it must be watched, vigorously opposed and no stone left unturned to expose its fallacies and particularly its costs to the American people.

He said the whole subject of social security should be handled on the basis not of what the national economy is now but what it probably will be several years hence. He referred to the great and steady increase of those over 65 and how it will affect the social security system.

He said it is quite likely that the S.S. act will be expanded to provide for higher payments and higher payroll taxes on employer and employee. It may be extended to a number of classes not now covered. Permanent disability coverage has been recommended by a majority of the advisory council in a report to the senate finance committee and that report will receive consideration.

### Many State Bills Introduced

On the state side, 42 legislatures are now in session, with two others to start later, and 40 bills touching on compulsory sickness compensation, hospitalization and medical care already have been introduced in 10 states, Massachusetts, Colorado, Connecticut, Minnesota, Montana, New York, Tennessee, Washington, California and Wisconsin, and others are expected in Alabama, Illinois, Arizona, Oklahoma, Pennsylvania and perhaps Maryland and Nevada. He mentioned the pressure by Governor Dewey for a cash sickness bill in New York, possibly of the New Jersey type.

He said there are two schools of thought in insurance regarding these bills. One is willing to accept competitive state plans because it might mean

(CONTINUED ON PAGE 28)

## Tells Buyers of Trends in Liability Claims

NEW YORK—Claim volume of the insurers has increased tremendously, and adjusting has become considerably more complicated with advances in the production and distribution of goods, J. O. Helms, assistant manager of the casualty claim department of Travelers at the head office, told a large crowd of 130 members of the Risk Research Institute here. Mr. Helms was introduced by Ernest L. Clark, insurance manager of J. C. Penney Co.

There are today new and more hazardous exposures than the insurers undertook in previous years; in addition, coverages have been broadened. But even more important has been the gradually changing concept of public liability. While those observers who believe that the business has entered an "era of liability without fault" go too far, in Mr. Helms' estimation, that conception does express an idea of what has happened.

### Revision of Claim Estimates

The good claim man possesses a canny ability to estimate the amount which the insurer is likely to pay and do this in the early stages of the claim. This ability is based on long claim experience, a knowingsness that comes from years of close work with claims, and so on. But the trend of verdicts has made it necessary for adjusters to revise radically their valuations of specific cases.

Inflation and the liberal tendencies of juries—and in some cases courts—have thrown old estimates far out of true. Mr. Helms cited the California case of a five year old child, a case in which the jury awarded \$25,000, an amount that on appeal was reduced to \$18,500. This amount was upheld. For a five year old child, this is big even for California. In Florida a jury sought to hike a \$100,000 verdict to \$150,000, but the court ruled against an increase of that much over the amount the plaintiff had sued to get. The award was \$100,000. The case is now on appeal. The plaintiff was a middle aged man and there was only \$226 approvable medical expense involved. So, Mr. Helms told buyers, there is a direct relation between the butchers' prices and what the jury will do on its next case.

### Increase in Products Claims

Products liability claims have increased in recent years, he said, and the coverage has become of major importance. Such claims involve big losses and complicated ones. He urged on buyers the importance of seeing to it that when they negotiate indemnifying agreements that these are clear and that they are insured.

The legal doctrines under which claims are paid or awards are made were reviewed by Mr. Helms. An example is the doctrine of contributory negligence, which in some states has to be proved by the defendant, in others the plaintiff has to prove it. Courts are more and more inclined to submit questions to the jury and the tendency of juries is to overlook contributory negligence, he said. The doctrine of res ipsa loquitur is another. Where proof of specific fault is absent, the circumstances govern. Beverage cases are typical of the application of this doctrine. Bottlers often are defendants in such cases. An extension of this doctrine is constructive control, illustrated by the case of a waitress who was injured when a bottle exploded. The bottle had been 36 hours on the retailer's premises, behind a counter where the driver of the bottling company had deposited it, and thus had con-

tinued under the bottler's constructive control.

Constructive control also held in a case where a parent claimed he was mishandled by doctors and internists. Negligence was inferred. The doctrine of res ipsa loquitur is not recognized in some states, in Michigan for example, but there the doctrine of circumstantial evidence holds, which has a similar effect.

### Last Clear Chance

Then there is the doctrine of the last clear chance, carried a step further by the humanitarian doctrine in Missouri.

It is often difficult to tell before a case goes to trial just which doctrine will be applicable to the given set of facts, he said. The admission of a witness or of the defendant may lead to the application of one doctrine over the other. He mentioned also the doctrine of attractive nuisance, breach of warranty, etc.

One buyer asked whether there had occurred in other states any case similar to the New Hampshire one in which insurer had a chance to settle for less than the amount of the policy but went to court and there was a verdict against its insured of considerably more than the policy. Insured sued the insurer and recovered the difference.

Mr. Helms said that in general the rule is that the claim man must conduct himself in absolute good faith. Otherwise he is apt to impose liability upon his insurer in cases of this kind. There is not much justice, he believes, in holding the insurer liable for simple negligence. Any bad judgment or error should not make the insurer liable, unless error or judgment approach bad faith. Often the question of whether it does or not goes to the jury.

### Carry Enough Insurance

Mr. Clark said that if the insured keeps enough insurance, the question is answered. Adequate insurance does not cost much.

Another buyer was interested in how much investigation is made of small claims. A small claim may just look that way, he said. What does an insurer consider sufficient investigation?

Mr. Helms said that if there is a big volume of nominal amount products claims, for example, the insurer feels justified in setting up a program of routine settlement of such claims, provided that justice is being done. As a practical matter, no company investigates all claims.

What is the effect of delayed notice on final settlement, another buyer asked—the fact that insured reports to the broker or agent and the latter then reports the claim to the company. This may entail a three or four day delay. If insured reported it direct, would this tend to hold down the cost of the settlement?

Mr. Helms said it depended on the facts. Brokers and agents like to serve as intermediaries on claims or losses. They are in effect paid to do so and they like to. But insured should make certain insurer receives notice in good time.

### Producer's Service

The buyer then asked what service the broker gives on a liability claim?

Mr. Helms said this was often intangible, but in most cases a broker of reputation and standing is of considerable worth to the insured in handling of claims. Another answer from the floor stated that insured may provide insur-

(CONTINUED ON PAGE 26)

## Penetrating Study of Surety Rate Structure Ready

**Dr. Backman's 500-Page  
Report Suggests Guides  
for Testing Tariff**

"No simple, or even complex, formula can be devised to embrace all of the more important economic characteristics of suretyship or to apply to each of the many categories of bonds written by the industry. A series of different tests or criteria, rather than a single standard, must be used to determine whether or not surety rates meet the statutory standards."

This conclusion emerges from the comprehensive study of surety rate-making undertaken by Dr. Jules Backman, associate professor of economics, New York University school of commerce, accounts and finance. The results are contained in a 500 page report just published by Surety Assn. of America, New York.

Dr. Backman points out that the economic characteristics of the surety industry make it necessary to combine statistics and informed judgment in varying degree, depending upon whether one is dealing with the general level of rates, major lines, or relationships within a line.

### Basis for Much Study

This study is being submitted for the first time to the members of Surety Assn. for their consideration. An advance copy was filed with National Assn. of Insurance Commissioners at its December meeting and printed copies are now being sent to individual commissioners. Committees of Surety Assn. will be appointed to study specific chapters and report back, and it is assumed that the insurance commissioners through their committees will make an exhaustive study of the report.

Members of the association are purchasing copies of this study for distribution to their offices. The book is also available at a nominal price to companies not members of the association and to other interested persons.

Additional findings of this study, which is the most comprehensive ever made of the surety business, include the following:

There are fundamental economic differences between suretyship and insurance. Surety bonds do not meet the primary tests of insurance: pooling of risks, certainty of loss, spreading of risks, computability, and determinable hazard and exposure. In addition, losses on many surety bonds are often hidden for long periods, salvage is of considerable importance, surety bonds are affected to a greater degree by changes in the business cycle, contracts are generally non-cancellable, and adverse selection is more pronounced.

### Drop in Salvage Forecast

The volume of salvage is largely a function of the gross losses paid in prior years. It follows that the moderate gross losses paid during the forties will be reflected in a decline in the volume of salvage during the next few years.

Although rating bureaus can set rates, competition from non-member companies and other sources places an effective

(CONTINUED ON PAGE 26)

## Cavanaugh Heads Ill. Federation

L. D. Cavanaugh, president of Federal Life, was installed as president of Insurance Federation of Illinois at the annual luncheon meeting this week which brought out such a large attendance that tables had to be set up in the balcony. He takes over from Ray Wetterlund of Washington National.

The main speaker was Ray S. Bass, treasurer of A. E. Staley Manufacturing Co. of Decatur and vice-president of American Management Assn. in charge of the insurance division, who surveyed the insurance scene from the standpoint of the buyer.

Harry B. Hershey made his first appearance before an insurance audience since assuming office as Illinois insurance director. He was introduced by his law partner, Charles E. Bliss of Taylorville and he responded in gracious manner, saying that he will pursue the open door policy.

Mr. Wetterlund was presented a wrist watch in recognition of his services. He now becomes chairman of the board. The first vice-president is John A.

Henry, general counsel of Continental Casualty and Continental Assurance, and executive secretary-treasurer is Mrs. Lillian L. Herring. Chairman of the executive committee is Harry H. Fuller, deputy U. S. manager of Zurich, the other members being Arthur A. Krueger, vice-president of Millers National; Emil L. Lederer, Stewart, Keator, Kessberger & Lederer; George A. Seaverns, Jr., Chicago broker, and E. H. Henning, president of Illinois Bankers Life. There are 15 vice-presidents and 35 directors.

J. P. Keevers, Maryland Casualty, reported as chairman of the nominating committee and George F. Manzelmann, North American Accident, for the resolutions committee.

One of the visitors was Frank Chandler, now a local agent of Baltimore, and formerly Chicago manager of Employers Liability, who is known as the father of Insurance Day, having promoted such an observance in Indiana about 1921.

William M. Chadbourne, a partner of the New York City law firm of Chadbourne, Hunt, Jaecel & Brown, has been elected a director of Maryland Casualty.

## 13,000 Banks Have No Audit Program

Writing in the "National Auditgram," publication of the National Assn. of Bank Auditors & Comptrollers, Edwin G. Uhl, vice-president and comptroller of the Land Title Bank & Trust Co., Philadelphia, states that on the basis of a report by the association's bank fraud prevention committee, there are about 1,000 banks with full time auditors and perhaps another 500 banks with a partial auditing program. With approximately 14,500 banks in the United States, this means 13,000 or about 90%, have no auditing program.

The bank fraud prevention committee, he points out, reports that in one 10 year period, 1931-40, a single insurance company sustained 98 losses by reason of bank frauds, broken down as follows:

	No. of frauds	Percent of total
In banks with less than 10 employees .....	26	26.53
In banks with 10 to 29 employees .....	28	28.57
In banks with 30 to 75 employees .....	32	32.65
In banks with over 75 employees .....	12	12.25
Total .....	98	100

The total amount embezzled in these 98 cases was more than \$1,250,000, of which \$571,000 was uninsured. The latter amount came out of the bank's undivided profit or surplus account, perhaps, in some cases, with disastrous results.

Why should a bank establish such an audit program?, he asks. It is estimated that in banks throughout the country there are frauds at this moment awaiting discovery, totalling \$10 million.

## Insurance Bar Steering Group Meets at Chicago

Members of the council of the insurance division of American Bar Assn., together with committee chairmen, the entire group numbering about 30, gathered at Chicago Sunday to review developments and make tentative arrangements for the annual meeting at St. Louis, Sept. 5-9. Henry Nichols, vice-president and general counsel of National Surety, as chairman of the section, presided. The committee on insurance supervision and regulation, headed by Cecil Fraizer, general counsel of H. & A. Underwriters Conference, had a meeting in the morning and the entire group felt that at the annual meeting accident and health and compulsory disability insurance legislation should be strongly featured.

Chase Smith of the Kemper organization suggested that an annotation and study of administrative and discretionary power of the insurance commissioners should be undertaken. There will be about six round table meetings during the week in addition to the general sessions.

## Move to Incorporate

The conference committee of National Assn. of Casualty & Surety Agents, has taken steps to incorporate the association in Illinois pursuant to a vote of the executive committee taken at the annual meeting in November. This has been a voluntary association.

The conference committee will become the executive committee and the present executive committee will become the board of directors.

## Kibbie Mich. Director

George W. Kibbie has been named director for the State Farm companies in Michigan. He has been assistant state director in Iowa. The Michigan setup is being revamped since the Farm Bureau in that state is starting its own auto insurer and the relations between the Farm Bureau and State Farm are

## Pauley Becomes H. & A. Conference Managing Director

### Veteran Leader in Business Takes Gordon's Post—Hanna Associate

C. O. Pauley has been named managing director of H. & A. Underwriters Conference to fill the vacancy which has existed since the death of Harold R. Gordon last July. John P. Hanna, who has been executive director and attorney, becomes associate managing director. The selections were made by the executive committee at a meeting in Chicago in connection with the midwinter meeting of the conference this week and confirmed by the conference at the closing session of its meeting. Both are effective April 1.

Mr. Pauley is resigning as secretary of Great Northern Life after being associated with that company and its predecessors since 1914. He started in the business in 1911 as an agent of the old States Accident of Chicago. He made his first contact then with H. G. Royer,



C. O. Pauley



John P. Hanna

who started in the same day and with whom he has been associated ever since. The company was reinsured in 1913 by American Bankers and Mr. Pauley became assistant manager of its accident and health department. He resigned later that year and early in 1914 persuaded Mr. Royer to join him in purchasing the charter of the old Amicable Accident Assn. of Chicago, the name of which was then changed to Central Business Men's Assn. In 1923 they purchased Great Northern Life of Wausau, Wis., moved its executive office to Chicago and merged Central Business Men's with it.

Mr. Pauley has long been recognized as one of the clearest minds and keenest thinkers in the business. He has served as president of the conference and of International Claim Assn. and has been one of the leaders in conference affairs ever since he entered the company ranks. He also has been active in inter-organization industry activities. His son, Burton S. Pauley, is vice-president and actuary of Great Northern.

Mr. Hanna joined the conference early in 1947 in the legal department and was named executive director and attorney several months ago. His work has been especially in connection with insurance department and industry affairs.

Pioneer American Life of Houston was admitted to conference membership.

Northwest Grain Dealers' Assn. of Spokane has been polling member companies to determine their desire for association group insurance.

The Heinemann-Gruber Agency Garden City, Kan., has purchased the Pearce agency there.

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That Pigs  
Can't Swim?**

*Even experts have always maintained that pigs couldn't swim, but recent tests have proven that this opinion is wrong. Pigs can swim.*

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... which every Hawkeye-Security agent knows is that these companies not only provide full Casualty and Fire Coverage but they lend him every kind of service that will build sales.

Hawkeye-Security service to agents is complete and consistent. There is no red tape to hamper agents . . . claims are paid promptly and efficiently . . . every possible sales help is provided including dependable Field Representative service.

These are just a few of the reasons why "the trend is to Hawkeye-Security."

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AMERICAN AUTOMOBILE  
INSURANCE COMPANY  
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ASSOCIATED INDEMNITY  
CORPORATION  
SAN FRANCISCO

## RELEASE SURETY RATING STUDY

(CONTINUED FROM PAGE 23)

tive ceiling upon the rates that can be charged.

Competition from non-association companies has become increasingly severe. The volume of premiums written by non-association companies has increased substantially in recent years.

Accompanying the loss of business to such companies has been a sharp reduction in the proportion of total volume obtained by the largest companies. The four largest companies had more than 50% of total fidelity and surety premiums in 1923 but only 32% in 1947. Similarly, for the eight largest companies, the proportion declined from almost 75% to 50% in the same period.

### Two Million Is Yearly Score

Surety companies write or renew approximately 2 million surety bonds annually.

Surety expense ratios in 1946 and 1947 were substantially above the long term average because premiums written exceeded premiums earned by a considerable margin. The 1946 and 1947 expense ratios were not typical and hence should not be given any special weight for rate-making purposes.

In 1947, there was about one claim for every 303 bonds written, reflecting the small number of losses in that year. Under more normal circumstances, the ratio will be considerably higher.

After adjusting for various factors, it is estimated that the long term loss ratio for surety bonds has been about 40%. Loss experience has fluctuated very widely over the years with the most extreme fluctuations recorded for contract, court guarantee, and non-federal public official bonds. These wide fluctuations indicate that short term experience does not provide an adequate basis for rate-making to the extent that such losses are considered.

### Temporary Factors

The war and postwar loss experience with surety lines average considerably below the long term experience. These abnormally low ratios were attributable largely to temporary factors and hence this experience has no value as a basis for rate-making.

Losses on surety lines fluctuate more widely and average substantially lower than for casualty lines. The former factor is one reason why any attempt to utilize short periods for surety rate-making as

is done for casualty lines, could prove disastrous to the industry.

The close relationship of suretyship to credit operations is indicated by the similar fluctuations in bank charge-off ratios and recoveries of loans and surety loss ratios and salvage.

Surety underwriting profits fluctuate widely and erratically, much more so than profits in other industries and for casualty lines. Large underwriting losses in 1931 and 1932 exceeded 50% of earned premiums. At the other extreme, underwriting profits approximated 50% in 1943. In fact, the experience has been so erratic that during the 25 year period, 1923 to 1947, the actual underwriting profit was within five percentage points of the 25 year average, in only three years.

### Taxation Angle Stressed

The fact that a substantial proportion of underwriting profits is taxed and there is no corresponding offset during years of underwriting losses, means that gains must be substantially larger than losses or must be present in a greater number of years, to yield net underwriting profits over long periods of time.

In the past, large losses in capital funds have occurred in companies transacting a surety business. This factor is indicative of the risks involved.

The overall underwriting profit before taxes of 9.2% from 1929 to 1947 was only moderately higher than in leading manufacturing industries during that period while the ratio of underwriting profits after taxes of 3.8% was lower than in other industries. In light of all the risks entailed in suretyship, profits during this period do not appear to have been excessive. The true profit on surety operations was lower than these figures indicate because they do not reflect the claims allowed for companies in receivership.

### Projecting the Losses

In fact, if it were not for the profits earned from 1944 to 1947, the record would be significantly poorer. From 1923 to 1942, the industry just about broke even on its surety business. It took all the underwriting profits earned in the nine years from 1935 to 1943 to compensate for the losses in the six year period 1929 to 1934.

Suretyship involves a considerably greater risk of loss, and a more erratic profit experience than casualty lines and, therefore, to attract and retain capital at risk, the underwriting profit must be larger.

The surety business is characterized by wide fluctuations in response to changes in economic conditions. In terms of premium income and losses, the fluctuations have been much wider and more erratic than for casualty lines. Surety losses have been closely related to business failures, particularly since the mid-twenties.

The major area of cyclical fluctuations for premium income has been contract bond premiums, the volume of which has been closely related to the long term construction cycle. For all other surety lines, premium volume has been relatively more stable.

### Volume Pace Is Slower

The volume of premiums for casualty lines has been increasing markedly to new high records while the total for many surety lines has not. This is a distinction between the two which has a bearing upon the tightness with which rates can be controlled.

Long term averages must be used in order to iron out the wide cyclical fluctuations characteristic of this industry.

Fidelity bond rates have declined about 60% since 1936. For blanket bonds, which have accounted for a steadily larger proportion of the fidelity business, the reductions have ranged from 50% to 80%, while for individual and schedule bonds the reductions have ranged from 30% to 40%.

A reduction of more than 30% has taken place in contract bond rates since 1936. Generally, the reduction has been one-third for bonds carrying a rate of

\$15 per \$1,000 in 1936 and one-quarter for those carrying a rate of \$10 per \$1,000 in 1936; for supply bonds the reduction has been 20%.

The record of surety and fidelity rates during this period is in sharp contrast to the price inflation which has developed throughout the economy. Unlike the buyers of most goods and services, the buyer of fidelity bonds and surety bonds received as much or more for his money than he did before the war.

## Reviews Big "Comp" Changes

Henry D. Sayer, in his report as general manager of Compensation Insurance Rating Board of New York at the annual meeting, reviewed the action that was taken in projecting a definite profit factor in the compensation rates in pursuance of Superintendent Dineen's theory that this provision should be open and above board and that sources of profit not explicitly provided for should be eliminated.

The board studied the possibility of eliminating any undisclosed profit elements. One possible source of such profit that had been mentioned was interest earnings on investments beyond the amount necessary to maintain proper reserves. The committee effectually dispelled the belief that such interest earnings constitute an important hidden source of profit. The profit factor that was finally decided upon was 1.5.

On the subject of rate level adjustment factor, he said this is designed among other things to reflect more accurately than would otherwise be true any significant trends in wage levels. This factor was introduced last July 1 and in the current rates was calculated at zero. It should, however, in future rate making have the effect of keeping rate levels more responsive to current changes in wage level and in experience.

### Tells of Plan D

In administering plan D which has just recently been approved in New York, he said, there must be cooperation between various rating organizations. No one organization can have complete jurisdiction over the plan on any risk that includes coverage for more than workmen's compensation in New York. Jurisdiction over the liability coverages lies elsewhere while jurisdiction over compensation will be in the proper compensation rating organization with jurisdiction over the particular state or states. The organization having jurisdiction over the greatest amount of compensation coverage will generally be the sponsoring state. Although the plan is not simple, he said, it seems to present a method of insuring compensation on an interstate basis having regard for the various liability coverages and should prove distinctly in the interest of employers.

The board elected two new members of the governing committee, Liberty Mutual and Standard Accident.

### Helms Tells Buyers of Trends in Liability

(CONTINUED FROM PAGE 23)

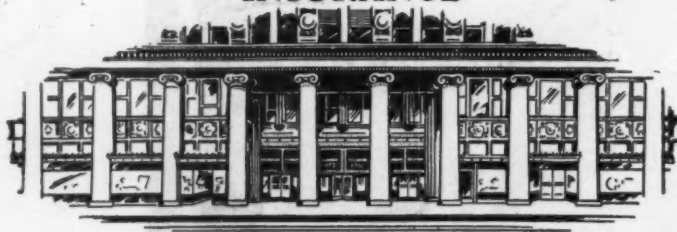
ficent information and often does. The broker understands the value of knowing, for example, that a slippery floor caused the accident, so that he can advise the elimination of the condition and cut future claims. Insured needs intelligent guidance in making out his reports.

Mr. Clark suggested that the insured give both the company and the producer notice because speed is important.

### Barr to Join Blue Cross?

Chicago Blue Cross officials will neither confirm nor deny the report in a daily newspaper of Springfield, Ill., that Roy C. Barr, who has resigned as assistant Illinois insurance director, will take a post with Blue Cross.

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## Mass. Senator Urges Brokers Fight State Fund Idea

BOSTON—"Massachusetts will not have a state fund for workmen's compensation this year or next year unless you lie down," said Senator Lee, chairman of the special legislative commission for study of compensation laws, in an address before the Insurance Brokers Assn. of Massachusetts at an "all day working meeting."

The commission has been studying compensation laws throughout the U. S. for a year and the majority of the commissioners are opposed to a monopolistic state fund. The senator said the state would lose \$1 million in taxes with such a plan, much unemployment would be created and initial expense of about \$3 million with prospective deficits of many more millions, might be expected. "State funds offer a beautiful patronage opportunity," he said. "There will be political interference where there never should be any. Labor seems to think payments will be paid more promptly and that benefits will be greater, but they are misguided, for nothing is more dilatory than federal or state business. It would be most unfortunate to add another bureau to our government."

"The only way to bring down the cost of workmen's compensation insurance is through safety campaigns, employment of injured workmen in industry and greater production."

### Harrington's Address

Commissioner Harrington spoke at the luncheon commenting that new, irritating controls are harassing insurance. He said this is the time for well equipped and qualified insurance men, especially in regard to interstate risks.

There were seven round table discussions, led principally by home office executives. C. H. Lee, Columbian National Life, handled "Accident & Health; Bromley DeMeritt, Hartford Steam Boiler, "Boiler and Machinery"; J. E. Borhek, Employers group, "Comprehensive General Liability"; H. P. Cooley, Merle G. Summers agency of New England Mutual Life, "Life Insurance"; H. I. Bartlett, Boston and Old Colony, "Personal Property Floater"; W. D. Chappell, Aetna Casualty, "Survey Selling," and T. W. Keany, American, "Use & Occupancy."

R. E. Farrer, director of education National Assn. of Insurance Agents, gave a talk; Oscar Berling, superintendent of agency systems Royal-Liverpool group, spoke on "Insurance Office Management."

## Urge Impartial Agency to Weigh Welfare Plans

WASHINGTON—Establishment of an impartial government actuarial or similar agency is being urged by federal labor officials to make factual studies and reports helpful to management and labor in arriving at safe figures and on safe ground in negotiation and development of union welfare funds, insurance coverage, disability and medical care, pension and retirement plans, etc. This proposed project is regarded as significant in view of the present tendency among labor leaders to obtain more and more benefits of a welfare fund character in negotiations with employers.

The government people say it would be helpful to both sides in collective bargaining on such subjects to have a clear, factual picture of what such would cost, whether the industry concerned could bear the burden, how many would participate, and so on. Whether such findings would be accepted by either or both sides is another matter.

However, actuaries have repeatedly suggested in recent years the desirability of setting up a government actuarial office to advise Congress and the executive department on costs and other fac-

tors involved in programs and projects concerned with pensions, social security, railroad retirement, health, medical care, veterans benefits, etc.

In connection with the latest suggestion of a government office to study welfare plans and projects, some say it should be in the Department of Labor, others with the social security administration. It could work up experience figures tending to show how many persons of a certain group would probably take advantage of a pension plan, how much of a reserve fund would be necessary to carry out a union welfare plan, and other background data.

Peerless Casualty has been licensed in Oregon.

## Conversion of Existing Policies Allowed in N. Y.

National Bureau of Casualty Underwriters, Mutual Casualty Insurance Rating Bureau, and New York Compensation Rating Board have promulgated revised rules governing the application of the New York premium discount plan to existing policies. Of first importance is a new provision permitting application of premium discount by endorsement to policies which were outstanding as of Dec. 31, 1948.

This optional method frequently will be less expensive to handle than canceling and rewriting and it enables premium discount to be applied without

forcing a change in the normal anniversary date.

Provision has now been made for optional cancellation and rewriting, not only for full policy periods but also for limited policy periods on a pro rata basis. For third party liability insurance where a three year policy is canceled and rewritten to the normal expiration date, or to some prior date, provision is made for allowing applicable three year discounts on the rewritten policy.

The revised rules specifically permit, subject to the approval of the insurers involved, policies issued by separate carriers under the same management to be combined for discount purposes as though the policies had been issued by a single carrier.

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E. BRANDLI, Asst. U. S. MANAGER

## \$200,000 in 20 Years; No Bond

NEW YORK—W. J. Ahearn, \$33 a week bookkeeper for Riverside Coal Storage Co. and Conron Realty Corp. here, has been arraigned on a charge of embezzling \$200,000 from the two companies in the past 20 years. The office of the two firms stated there was no fidelity bond.

Ahearn acted as cashier, accountant and general manager, as well as bookkeeper. The specific charge is theft of \$52,895, but the district attorney's office already has found \$140,000 in shortages during the last five years.

Ahearn, a 52-year-old bachelor who had worked for R. D. Conron, owner of the two concerns, 25 years, received cash payments to the company, entered them in the books and pocketed them, giving the companies false totals at the end of each month. He paid all bills and made out many checks to cash which he then appropriated. The money went for entertainment of friends, liquor and horse race betting. He sometimes lost as much as \$1,000 a day on the latter.

### Many Bills in Minn.

ST. PAUL—Several workmen's compensation bills have been introduced

in Minnesota, chiefly increasing benefits. A new senate bill removes the \$10,000 limitation for recovery for wrongful death. Extension of the workmen's compensation act to both appointive and elective officials of the state is provided in another senate bill.

A house file eliminates the need of calling for bids on insurance by certain political units. Recently there was newspaper publicity at Minneapolis when it was discovered that certain aldermen were parceling out small insurance policies to agents of their own choosing. Aldermen defended the practice on the ground that the policies were too small to be worth while to call for bids.

Another house bill permits township boards to pay the premium on the surety bond of the town treasurer.

### Texas Brakes Credit Covers

The Texas commissioners have issued regulations which limit kinds, amounts and premium, charges on insurance which can be required of creditors by lending agencies. Each borrower is now provided with a copy of a loan application which specifies the amount of the loan, the kind and amount of insurance and the premium charged. The borrower is provided freedom of choice in the selection of the insurance agent and carrier. The Dallas Better Business Bureau estimates that the new regulations will effect an annual gross income reduction of \$400,000 for loan company alone on credit life and credit A. & H.

## GIRD TO FIGHT COMPULSION

(CONTINUED FROM PAGE 23)

writing more business and also with the idea that it would prevent the U. S. from entering that field. Mr. O'Connor said he cannot accept that viewpoint; that in the first place there will always be pressure for extension, probably to a point where the companies cannot follow, and further that the bureaucrats in Washington are only waiting for a chance to take these plans over.

Bill Howland, conference statistician, supplemented Mr. O'Connor's review by giving the details of the present Rhode Island, California and New Jersey plans and listed the points on which the New Jersey law is preferable to that in California.

### Position on Pending Legislation

R. J. Wetterlund, Washington National, chairman of the social insurance committee of the conference, outlined its position on various matters of pending legislation. He said it is opposed to compulsory legislation in any form. As to proposed changes in the social security law, it is taking no position for or against inclusion of self-employed and other classes but opposes raising the tax base to \$4,200 or \$4,800 and provision for permanent disability benefits, as it would require setting up nationwide claim offices with all of the possible resulting abuses. It opposes increasing benefits under the Crosser act, which already are greater than under social security.

It has suggested that the legislative committee set up organizations at once to combat compulsory insurance at the state level. Forms of petitions to be circulated against such measures may be provided. Mr. Wetterlund also urged a training program to enable both company employees and agents to discuss these bills intelligently with people who may inquire about them and with leaders in other lines.

### Other Legislation Coming Up

John P. Hanna, executive director and attorney of the conference, reviewed other legislation coming up this year. He said there probably will be several fair trade practices acts this year, in view of the FTC situation. There are already 18 or 20 of those and the virtual equivalent in some other states. The unauthorized company service of process act recommended by N.A.I.C. already has appeared in several states and probably will be quite generally introduced. There has been one bill to provide for direct payment to hospitals and a similar measure is expected in Illinois in connection with the new hospital claim procedure in Chicago. Mention of licensing bills in some states caused some discussion of the fact that the N.A.L.U. qualification bill for life agents has as its goal elimination of temporary licenses, and whether the conference should take any position on that question.

### A.M.A. Program Described

The A.M.A. program was described by Clem Whitaker of the public relations firm of Whitaker & Baxter of San Francisco and Chicago, which has charge of the campaign. He said medicine is mobilizing for an all-out war against socialization, "as it would against any other plague." Its immediate objective is to beat the bills now in Congress but its long-term objective is to stop such a movement permanently by showing the people that American medical practice is the finest in the world and is not to be compared in anyway with state medical systems. There is no reason for borrowing such an idea from bankrupt nations that are borrowing our money, he said. Americans will buy the best product at the best price, if it is properly presented, and it is up to the medical profession to sell its product, which is the world's best medical care.

"We can show them," he said, "that there is nothing government can do that we can't do better, and at less cost."

Mr. Whitaker told of his experience in California in leading a fight against Governor Warren's cash sickness plan, which was sprung without warning. It was defeated, but by a very narrow margin. The doctors, insurance men and their allies in other lines of business decided that health insurance was something the people wanted, but the question was how it was to be supplied. A campaign was accordingly started to sell the principle of voluntary prepaid health coverage. There were 2½ million people insured in the state at that time. Now there are more than 5 million, probably nearer 6 million. The governor said his proposal would take care of 4 million people, but there are more than that now under private plans. In view of that fact, he predicted that Warren's latest bill will never get out of committee.

### Direct Aid to Insurance

He said half of the budget set up for his firm by A.M.A. is to be used in helping insurance and prepaid plans. "The greatest contribution you can make to the campaign," he added, "is to sell more policies." He said medicine is cleaning up some bad practices in its own ranks and suggested that there are some chiselers among A. & H. companies that might also be cleaned up. He urged improving the type of coverages and made an especial plea for research into the possibility of writing what he called catastrophic coverage, for such conditions as lingering heart ailments, perhaps with a deductible of \$100 or so.

R. A. MacDonald, Great-West Life, made a preliminary report on his study of impaired risks, which is to be developed in more detail at the annual meeting of the conference in May. He said the replies to a questionnaire sent out at his request showed that conference companies are interested in the subject and that the great majority would like to have some plan worked out for giving such risks standard coverage at an increased rate. He is working out a sub-standard morbidity rating manual which is expected to be completed about April 1. The rating is set on the pure premium, which each company determines for itself, so that there is no danger of running afoul of anti-trust laws. The manual is divided into nine sections and lists about 900 impairments.

### MUST SELL EMPLOYEES

Harry G. Kenagy, vice-president of Mutual Benefit Life, emphasized that the big job of insurance company management at this time is to convince employees that management is on their side. This can be done, he said, by teaching employees the principles and practices that must be maintained by any organization to survive against competition and under constant and intelligent public scrutiny. Employees must understand that a concern must make a profit in the accepted sense, even if it is a mutual company, in order to stay in business and provide jobs. Employees can learn to admire and applaud the kind of management that makes better than average profits, provided they are sold on the uses to which these profits are put, the speaker declared.

Even though insurance company management is not yet in the doghouse, it must face up to the problem of changing a puzzled, indifferent to questioning attitude on the part of employees into one of full confidence and support, he stated. This condition exists after 16 years of economic misinformation poured out by government bureaus, labor unions and left-wingers, that have subjected employees to the most grossly subversive economic, political and social education imaginable, Mr. Kenagy maintained. "If insurance company management is able to sell itself to its employees the em-

D-D-D



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employees will respond with an increase in productivity.

Mr. Kenagy said that employers who build their employee relations programs on what they themselves think their employees want are likely to discover that they are quite wrong. Recent studies have indicated that money is not what employees want most out of jobs. He said that clearly the top ranking elements in job satisfaction are job security, recognition, credit, praise and identification with company objectives.

## HOSPITAL SESSION

Although the hospital insurance meeting Tuesday afternoon was announced by I. A. Weaver, secretary of Secured Casualty and chairman of the hospital committee, as being a review of subjects already considered at previous meetings, several new topics were introduced and the discussion was lively and interesting. Mr. Weaver has been aggressive as chairman of the group and has kept his committee busy conducting surveys and watching trends of the business.

An analysis of trends and costs in claim experience on allocated and unallocated benefits of hospital policies was given by Mr. Weaver, who has just completed a survey in that field. He reported that more than one-half of the Conference companies pay claims only in the amount charged by hospitals. That is, if the daily room benefit is \$6 and the hospital charges \$5, the company will pay only \$5.

In a study of 300 representative claims in 1948 (excluding maternity and outpatients), Mr. Weaver stated there is only a small saving if a company pays \$4 maximum instead of \$4 straight to the insured, it being 1.67%. For benefits of \$6 and \$8 per day, the companies would save 5.33% and 15.53% by paying only what the hospital charges.

### Savings on Miscellaneous Items

The cost per claim at \$8 per day averages out at \$51.30 on a straight indemnity basis and \$51.16 on a hospital charge basis. Taking miscellaneous hospital provisions, ambulances, dressings, laboratory, operating room, etc., on an allocated policy and comparing that with blanket payments of \$20, \$30, and \$40, Mr. Weaver said that here again the actual charge payment (under the blanket policy) brings only a minute saving. Also, the blanket type policy more often pays the claim in full.

He pointed out that the allocated miscellaneous provisions can build up a better sales presentation, since the possible total can be \$100 or more, but the blanket provision may offer more to the policyholder. It was suggested from the audience that the allocated provision helps to keep hospitals in line. When specific benefits are raised, companies have found that claims tend to rise proportionately.

Increased costs for hospital care were taken up by C. E. Waller, president of Professional. Mr. Waller, after reviewing some of the cost increases hospitals have made in the past few years, posed some questions to his audience that outline graphically the problems of hospital writers today. Pointing out that a \$5 per day policy was adequate in 1937, but is now not even half enough. Mr. Waller asked:

—Is there an inflated hospital cost now? Will it continue? Can or should the companies attempt to cover it?

—What will happen when and if there is a deflation?

—If the companies do not issue policies to cover costs today, what about the policyholders—will they demand government action, or will

they turn to Blue Cross?

The following discussion brought out that higher hospital costs have in many areas forced Blue Cross to have subscribers pay a part of the hospital bill.

D. R. Hodder, assistant secretary Woodmen Accident, was in charge of the section on over-age hospital risks. He remarked that the aged population is greatly on the increase and there is a considerable demand from this group for hospital insurance.

Underwriting practice on older risks is not unfavorable, the discussion revealed. Some companies charge a 50% higher premium at age 60 or above, but most reduce benefits. One of the over-age writers finds that surgery is a good feature for the companies, the only operation bringing sizable claims being cataracts. Heart and cancer are not serious problems.

Uniform claim blanks for both doctors and hospitals have been prepared and are approved by the Conference and the hospitals and doctors, Martin H. Imm, president of St. Paul Hospital & Casualty, reported. The hospital blank has been approved by American Hospital Assn. and National Assn. of Insurance Commissioners.

B. B. Combs, claims manager for Central States Health & Accident, stated that a uniform assignment blank has not yet been completed. He said an

approved blank will be ready for the annual meeting in May.

A report on an over-all hospital admission program was given by Bill Howland, Conference statistician. Work in this field is being conducted by Health Insurance Council, and that group has had several meetings with representatives of American Hospital Assn. Mr. Howland said the hospitals are showing a cooperative spirit.

The Chicago hospital admission plan for group A. & H., which has been in effect for one month, is working well, he said. There are 44 companies participating and 2,700 groups registered.

### Reports on FTC Developments

Mr. Hanna, reporting on federal trade commission developments at the Tuesday morning session, remarked that the question of FTC jurisdiction over insurance regulation is as far as ever from being solved. The answer will come ultimately from a court interpretation of public law 15, and what the industry has and will do to comply with P. L. 15 will influence the outcome as will the jurisdiction the FTC assumes. Congress may decide to investigate the extent of state regulation this year and give an answer before the question can get to the courts.

Mr. Hanna maintained that mail order companies can be properly regulated by

the states of their domicile. This involves primarily regulation of contracts, advertising and claim practices, the most difficult being claim practices.

Jarvis Farley, Massachusetts Indemnity, chairman of the Conference standard provisions committee, explained the work of the joint industry standard provisions committee and the standard provisions sub-committee of the N.A.I.C. A. & H. committee, to open the Tuesday morning session on federal and state regulation.

Discussions centered around the changes made by the A. & H. committee at the December meeting of the commissioners.

C. C. Fraizer, general counsel for the Conference, in his report declared the statement of principles of the A. & H. industry committee has attracted attention in insurance circles far removed from the A. & H. business itself.

The committee on minimum benefits reported "no" to the suggestion that minimum benefits should be legislatively imposed, and there is offered instead the statement of principles.

The business standards committee, C. O. Pauley, secretary Great Northern Life, chairman, also commended the statement of principles as a strong answer to federal intervention in the business.

There is no other Bonding Company — anywhere — that can match our service to our agents.

## WESTERN SURETY COMPANY

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Chicago, Illinois

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## CHANGES IN CASUALTY FIELD

### Glens Falls Promotes Three Claim Men

Glens Falls Indemnity has made several changes in its claims department, both at the home office and in the field.

Edward G. Fagan has been assigned to general administrative and traveling duties involving liaison work between home office and field. John E. McNairy, claims manager of Washington, D. C., has been assigned to the home office as examiner in the automobile claims department. John R. Poole, assistant manager of the claims department at Philadelphia, has been named claims manager at Columbus, O.

Mr. Fagan has been 19 years with Glens Falls, going to the home office in 1930 in the claims department. He later supervised auto claims. He was adjuster for several years before joining the company.

Mr. McNairy is a graduate of Duke University. He went with Glens Falls in 1942 as adjuster at Columbia, and three years later was promoted to claims manager at Washington, D. C.

Mr. Poole entered insurance in 1931 as an adjuster for another casualty company. Five years later he became a member of the claims department of Glens Falls' Philadelphia office.

### B. B. Rennie Joins Founders F. & M. Surety Department

LOS ANGELES—Burnett B. Rennie, for 20 years manager of the insurance department of Security-First National Bank of Los Angeles, has joined Founders Fire & Marine as special representative. He will be assigned to the fidelity and surety department to specialize in insurance matters relating to banks and other financial institutions. He has been a member of the committee on insurance of California Bankers Assn. for 12 years and chairman of the committee the last two years. He was for five years a member of the insurance and protective committee of American Bankers Assn., which deals with Surety Assn. of America and Towner Rating Bureau. He is co-author of "Digest of Bank Insurance," published by A.B.A.

Mr. Rennie will be succeeded by Clifford E. Willis, assistant manager of the bank's insurance operation since 1946.

### McGowan Ohio Chief for National Union Indemnity

Thomas B. McGowan has been placed in charge of Ohio operations by National Union Indemnity. He graduated in law at Fordham University in 1934 and was admitted to the New York state bar the same year.

Entering insurance in 1934 as claims manager for Royal Indemnity at New York, he became claims manager at Syracuse in 1937. In 1939 he entered production work as special agent at New York, continuing with Royal as assistant manager at Brooklyn, later being chosen to open the Forty-Second street branch as manager and continuing with that company until 1946 when he accepted the position of manager at Washington of Massachusetts Bonding which he leaves to enter the Ohio field for National Union Indemnity. His headquarters will be at Cleveland.

### Henderson Now Director

B. H. Henderson of Chicago, vice-president of Employers Reinsurance, has been elected a director, succeeding the late H. T. Abernathy. R. G. Morse, head of the claim department, was elected a vice-president.

### Stephens and Stuart Promoted

R. S. Stephens, head of the automobile underwriting department, has been elected assistant secretary of Employers

Casualty of Dallas while John Stuart, comptroller, has been named assistant treasurer. Nelson Waggener, Dallas investment man, has been elected as a director.

### American Casualty

#### Makes Executive Changes

C. F. Cornman has been promoted to agency secretary at the home office of American Casualty. The company has also named E. F. Smallwood as resident vice-president at Reading, Pa., and Paul H. Yeakel as production manager of the home office agency department.

Mr. Cornman has been manager at Reading. He started with American Casualty in the underwriting department after graduating from Penn State College in 1926.

Mr. Smallwood most recently has been assistant agency director at the home office. Before that he was director of agencies at Reading. He has been in the insurance business for 25 years.

Mr. Yeakel is a graduate of the University of Pennsylvania business school. He started with Employers Liability at Albany and in 1944 was appointed manager for New England Casualty in Pennsylvania. He resigned last year to enter the local agency business.

Alfred Carpenter has been appointed casualty underwriting manager at Reading succeeding Russell Irvin, who is taken an underwriting post at the home office. Mr. Carpenter has been with the company for 15 years at Pittsburgh and at the home office.

Richard J. Wolf replaces Mr. Carpenter as chief underwriter in the eastern division. He has been for 20 years in the underwriting department of Employers Liability.

### Closes Coast Office

General Reinsurance announces that it is closing its office at San Francisco March 1. Robert B. Crofton, vice-president, who has been in charge since the office was established in 1928, will retire from active service, but he will be available to the company as a resident consultant. Miss Mary King Brown, office manager and secretary, will take position at the head office.

### Whalen Named at Lawrence

American Mutual Liability has appointed Joseph M. Whalen, Boston senior sales representative, as manager at Lawrence, Mass. Mr. Whalen joined American Mutual at Boston in 1936.

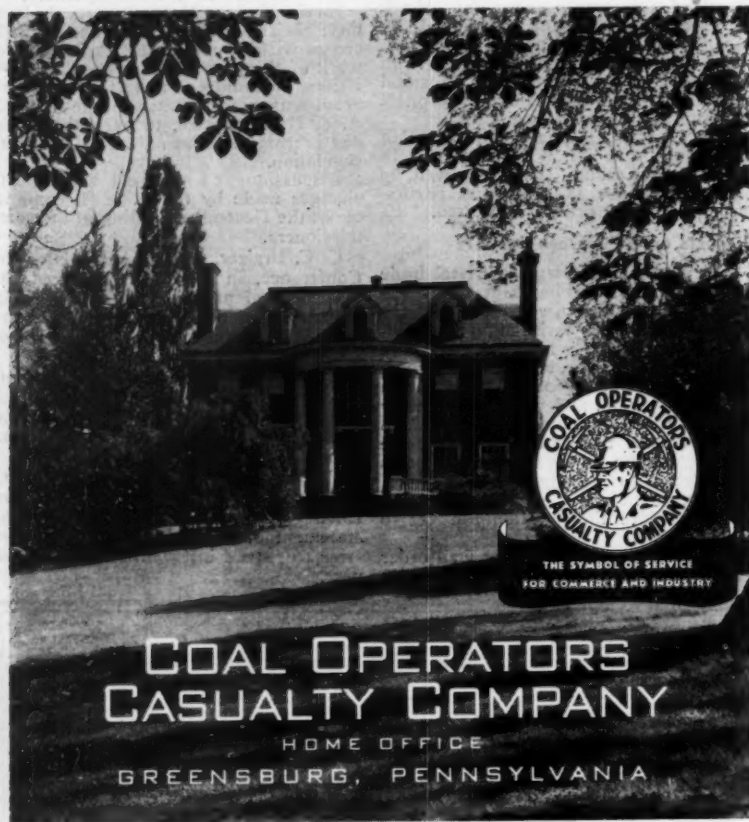
Edward G. Martin has been assigned to the Buffalo branch of Standard Accident as field representative. He was formerly in the agency department at the home office. He graduated from the University of Michigan and was a lieutenant in the navy flying corps during the war.

### Minimizes Federal Threat

If national health legislation should be passed by Congress, it would be in a minimal form and the A. & H. business would not suffer, Willis B. Hulsey, vice-president, declared at a seminar of Educators Mutual at Miami. He said that the A. & H. business has shown ingenuity in adjusting itself to the times and can better its position regardless of any federal program. J. Lawrence Strickler, president, presented an award for outstanding production to Frank Gabor, general agent for Florida.

### Mail Order Bill in Conn.

HARTFORD—The substituted service of process bill aimed at mail order insurers, which was approved by N.A.I.C. has been introduced in the Connecticut legislature by the chairman of the house committee on insurance. It has the backing of Commissioner Allyn.



## UNITED STATES CASUALTY COMPANY



HOME OFFICE:

60 John Street

New York



## Eye U. S. Probe of Life Insurance

(CONTINUED FROM PAGE 1)

The resolution departs from the scope of what Celler had indicated an insurance investigation should cover. He told THE NATIONAL UNDERWRITER the investigation he proposed would not be limited to life insurance.

The resolution provides for two co-chairmen with equal authority.

It is not inconceivable that the investigation might take a turn that would redound to the benefit of and prestige of insurance, and to the system of state supervision. There is no fear on the part of the insurance industry of what the score will be if the story can be brought out in its entirety and with proper emphasis.

Celler admitted the possibility that other companies besides life might be brought within the scope of the inquiry, in relation to public law 115. However it is not the intent to include fire and casualty, but he pointed out that PL 15 applies to all insurance and it would be hard to draw the line and separate them.

## PERSONALS

About 90 employees of the Newark branch of Aetna Casualty attended a dinner at Wilbur F. Smith on his 25th anniversary with the company.

Mr. Smith, who is assistant superintendent of the casualty underwriting department, was presented a wrist watch from the office and field staff. He is a former president of the New Jersey A. & H. Assn.

Viscount Knollys, managing director of Employers Liability, arrived in New York by air from England Jan. 29 en route to Honolulu and Australia on business.

He was met by Edward A. Larner, U. S. manager of the company, and is spending a week in New York and Boston before continuing on his trip westward.

Marx & Bendorff, Memphis agency, on Jan. 29 observed the 70th anniversary of its contract to represent Travelers in Memphis, west Tennessee and north and central Mississippi, with a dinner at which Thomas W. Cole, vice-president of Travelers, was the chief speaker. Charles J. Haase, president of the agency, presided and 40 employees attended. Founded 81 years ago, the Marx & Bendorff agency now has an annual premium volume of \$2 million.

William C. Searl, secretary of Auto Owners, has been elected president of the Lansing Chamber of Commerce.

Rosewell C. Merritt, second vice-president of Lumbermen's Mutual Casualty, is recovering in the Ravenswood hospital, Chicago, from fractures of the wrist and leg when his car collided with a fire truck in that city. He is in charge of the midwestern agency plant for the company.

## DEATHS

Lewis D. Scott, Jr., special agent for Employers Liability at Nashville, was killed in an automobile accident in which his car was sideswiped by another and thrown into a utility pole. He had been assigned to Nashville only six months ago after being located at Dallas.

Bernard C. Sauer, 58, resident manager for Fidelity Casualty at Cleveland, died Jan. 26 following a heart attack suffered while at his office.

Mr. Sauer joined F. & C. in 1910 as a bookkeeper at Cleveland. Shortly afterward he was made cashier and subsequently, underwriter. In 1915 he was promoted to special agent in the Cleveland territory. Mr. Sauer was made as-

sistant Cleveland manager in 1929 and in 1935 was named manager.

Elmer E. Harper, 49, Milwaukee audit supervisor for Employers Mutual of Wausau, died Jan. 25. He had been with the company since 1925 at Milwaukee.

## Milton R. Johnson, Pacific Indemnity President, Dies

President Milton R. Johnson of Pacific Indemnity, died at his home in Los Angeles on Monday. His age was 60.

Mr. Johnson attended the University of Colorado and then went to work for a produce commission house. In 1910 he joined the former Pacific Coast Casualty as assistant bookkeeper and later was transferred to the underwriting department. He subsequently went with National Surety and then joined the California Inspection Rating Bureau.

Mr. Johnson joined Frankfort General in 1912 and advanced to resident secretary of the Pacific Coast department. He went with Ocean Accident in 1919 as resident manager at San Francisco where he remained until 1926 when Pacific Indemnity was organized. He was elected president of Pacific Indemnity in 1934.

Oliver R. Beckwith, senior counsel of the Aetna Life companies and who

served from 1926-1928 as president of London & Lancashire Indemnity, died at the age of 72. He graduated in law in 1898 at Cornell and after practicing law for five years went with Travelers. He went with Aetna in 1910 as superintendent of liability claims and later became associate counsel. In 1922 he joined London & Lancashire Indemnity as general counsel, later becoming president. He returned to Aetna in 1928 and was named counsel the next year. He was at one time national counsel of U. S. Chamber of Commerce.

A. A. Jackson, 73, formerly assistant manager at New York of U. S. F. & G., died at his home at Garden City, L. I. He was a pioneer in the surety business at New York.

## Changes Are Made in New England Provisions

(CONTINUED FROM PAGE 1)

tended coverage endorsement.

The changes made last fall—removal of the glass clause, specific assumption of furnace explosion under the explosion section and removal of a number of clauses not needed with the 1943 New York standard fire policy—are continued in the latest edition.

## U. & O. Problem for Service Risks Settled in West

(CONTINUED FROM PAGE 1)

covering in any manner the loss insured against by this policy.

A new combination work sheet 19-T has been introduced which will serve for all forms and which will displace the present individual sheets for the mercantile form, manufacturing form and two item contribution forms.

At the same time there has been a number of revisions in the Ohio rule book including a new rule providing that the premium for reinstatement of loss should be waived when it does not exceed \$1. This goes hand in hand with the \$100 automatic reinstatement provision. There are a number of cases where the amount of loss is more than \$100 but the premium would not exceed \$1. In these cases an endorsement is needed but there is no charge.

## Donovan Addresses Claim Men

Willard Donovan, of North America, addressed the Surety Claim Men's Forum on "Certain Phases of the Bankers Blanket Bond."

At the Feb. 10 meeting, Charles McEnroe, in charge of the claim division of National Surety, will be the speaker.

# LEADS

Plus

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Sterling's simple formula spells SURE SUCCESS—with FAST START! FREE LEADS BY THE THOUSANDS — proved money-makers — now breaking sales records both for applications and premium dollar volume. (Our newest general agent produced 1,000 apps in first three months on these leads alone and soon will hit the 1,000 per month mark!)

Our high commission schedule treats all premiums paid during first year as first year business — pays liberal renewals on vested basis. Substantial over-write for general agents leaves good margin after paying writing agents top commissions—both first year and renewal.

Complete line of modern, streamlined policies SECOND TO NONE in coverage and value. All standard forms of life insurance, plus coupon and unusually low rate preferred risk whole life—A & H includes unbeatable lifetime coverage value—full

line of hospitalization, including sensational new Silver Seal Plan for Medical, Surgical and Hospital Care. Individual, family group and franchise plans available.

Home-office cooperation is quick and generous—aimed at building fast and big. We know what is needed—and we do it!

We believe, and even competitors admit, that A STERLING GENERAL AGENCY FRANCHISE IS THE MOST VALUABLE IN THE INSURANCE BUSINESS. It is an opportunity unparalleled! Choice territory is now open for top men who can qualify as general agents. If you are experienced, aggressive, and a good organizer—your Sterling success is assured. YOU CAN'T MISS! Get the full money-making story. Write TODAY to L. A. Breskin, President, Sterling Insurance Co., Sterling Building, Chicago 11, Illinois.



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## WANT ADS

### SPECIAL AGENT-BRANCH MANAGER

Due to a rearrangement of territories, splendid opportunity exists in Ohio for Special Agent and Branch Manager. Young men with working knowledge of insurance having potential qualifications for Special Agent's work, even though at present without such experience will be considered.

In reply give age, marital status, salary requirements, and a general outline of experience and other information helpful to determine qualifications.

THE CELINA MUTUAL CASUALTY COMPANY  
and  
THE NATIONAL MUTUAL INSURANCE COMPANY (Fire)  
CELINA OHIO

### WANTED

#### ACCOUNTANT-COLLECTOR

Branch office of large casualty-surety company has opening for capable experienced man. Exceptional opportunity for advancement. Salary commensurate with ability. Our own employees know of this advertisement. Give full particulars. Address T-6, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

**SPECIAL FIELD REPRESENTATIVE:** for Louisville territory by well established Mutual Insurance Company writing general casualty lines at competitive rates and paying liberal commissions to agents. Good salary and incentive plan for experienced agency, branch office or home office man. Write age and qualifications to—

EQUITY MUTUAL INSURANCE COMPANY  
1336 Walnut, Kansas City 6, Missouri

### WANTED

Junior casualty underwriter. Must be fully familiar with compensation and liability, including rating and filing requirements. Liberal salary and excellent opportunity for advancement. Our employees know of this advertisement. Address T-23, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### WANTED

Reinsurance for small mutual writing monthly fire and windstorm insurance on household goods. Address T-19, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

REINSURANCE wanted for auto comprehensive coverages. No collision written. Want reinsurance on and above \$200.00 per car. Address T-20, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Established General Agency of Rochester, New York, wishes to represent a reliable casualty company. Best references. Address T-17, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

### SPECIAL AGENT

Stock casualty company wants man for Indiana who can develop new business. Address T-18, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Opening, as First Assistant in Bond Claim Department of large Insurance Company, for man preferably under 35, experienced in handling of Fidelity and Surety Bond Claims. Salary commensurate with experience and qualifications. Our employees have notice of this advertisement. Address T-21, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

## \$126,000 Bank Loss in Indiana

An audit is now under way at First National Bank of Dyer, Ind., following the arrest of the cashier, William J. Gettler, 45, and his reported admission of manipulation of bank funds. According to newspaper reports, FBI agents and federal bank examiners uncovered a shortage of \$126,533. Whether this will comprise a dishonesty loss within the terms of the bankers blanket bond remains to be seen. There is \$150,000 fidelity cover in Continental Casualty. Gettler's father was the founder of the bank.

FBI this week named a used car dealer it is seeking in connection with the Dyer bank shortage as Elmer R. Hedges of Chicago Heights. Gettler reportedly confessed that he and Hedges engaged in a scheme to defraud the bank. Gettler would honor Hedges' checks good or bad and these would be used to buy drafts on a South Bend bank. The drafts in turn were used to buy used cars.

The Dyer bank is to be taken over by Gary National Bank with depositors fully protected.

## Plan Industry Pension, Medical Care Meet Feb. 15

The personnel conference of American Management Assn. to be held at the Palmer House in Chicago, Feb. 14-16, will feature an employee pension and medical care session the morning of Feb. 15. Herbert L. Jamison, New York pension expert, will discuss practical aspects of establishing and administering pension plans. W. Ward Donohoe, insurance and social security department of Standard Oil of New Jersey, will trace the spread of state-administered health and accident programs from the point of view of cost, effect on existing industrial plans and administrative problems. Edwin E. Witte, chairman of the economics department of the University of Wisconsin, will discuss trends in payment for medical care both through labor-management agreements and through legislation.

## Hold A. & H. School in Utah

Utah A. & H. Club in January sponsored a two-week course at University of Utah extension division at Salt Lake City. F. Edward Walker, manager of Mutual Benefit H. & A., was supervisor of the school. Instructors were John Allein, vice-president and treasurer of Equitable Life & Casualty; A. Harry Good of the Walker Agency; Raymond Ross, agency supervisor of Equitable L. & C., and eight general agents: Ford Crandall, Metropolitan Life; Robert E. Florian, Aetna Life; Walter Jones, B.M.A.; L. S. McQuarrie, Washington National; Leo Porter, Columbian National Life; D. C. Stephens, Security Life & Accident, and Harry Syphus, Beneficial Life.

Mr. Allein is president of Utah A. & H. Club, and the educational committee consists of Mr. McQuarrie, J. E. Hall, World, and Persyl Richardson, Walker agency.

### WANTED

Underwriter for large General Insurance Agency located in Sioux Falls, South Dakota. Must have knowledge of General Casualty including Workmen's Compensation. This opening affords excellent opportunity. Prefer applicant who has had experience in Middle West Territory. Address T-22, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

## Five Pittsburgh Day Speakers Are Announced

A number of speakers are announced for the educational forums during Pittsburgh Insurance Day at Hotel William Penn Feb. 23. They are Frederick A. Keller, vice-president of Appleton & Cox, who will speak on inland marine insurance; Sidney H. Lance, local agent of Medina, O., on "Building a Local Agency"; E. H. Luecke, production supervisor for Fidelity & Casualty, on the three-D policy; Francis W. Potter, field supervisor of Aetna Casualty, on comprehensive liability; and Fred A. McKennett, head of the claims and legal department for Zurich at New York, who will address the casualty claims forum.

## Inventory Waiver Doesn't Nullify Coinsurance

NEW YORK—The appellate division of the state supreme court upheld this week a long pending appeal of a supreme court ruling that the waiver of inventory clause does not waive the fire policy coinsurance clause when the loss is less than \$10,000 and less than 5% of the total coverage on the property. Parties to the suit were New York Life which made the appeal, and United States Fire, which was represented in the case by the law firm of Powers, Kaplan & Berger. New York Life intends to appeal the 3-2 decision to the court of appeals. The life company was interested in the case because it owned the building involved.

## Springfield W. Va. Change

Fred W. Shirer, state agent in West Virginia for Springfield F. & M., has retired at his own request after 41 years of service.

He is succeeded by State Agent John H. Heyman, who has moved to the state agency office at Huntington.

Mr. Heyman has been assistant to Mr. Shirer for about six months. He was formerly with Springfield in the Ohio field.

## 710,000 in N. J. Private Plans

Nearly half of New Jersey workers who are covered by disability insurance are insured under private plans, according to a report just issued by the employment security division. More than 710,000 workers out of a labor force of 1,600,000 are covered by private or public plans. Those not covered under private plans automatically are covered by the state plan.

## Seek Mass. Flat Auto Rate

BOSTON—Motor car owners in the highest rated municipalities of the state under the compulsory automobile liability insurance act have organized and offered the attorney general for his approval a form for an initiative petition for a flat rate throughout the state for compulsory auto coverage. If the form

meets the approval of the attorney general, 20,000 signatures will have to be secured to place the matter before the legislature. If it fails to act favorably, the bill can go on the 1950 ballot by the addition of 10,000 more signatures.

## Celebrate 40th Anniversary

Mutual Benefit H. & A. will celebrate its 40th anniversary March 5. Its 15,000 salesmen from more than 200 branch and district offices throughout the 48 states, Canada, Alaska and Hawaii will gather at banquets to celebrate this event. The celebration will be highlighted by 15 minute coast to coast radio programs starring Dorothy Lamour, Gary Moore and Lionel Barrymore.

## Pluck Personified



George H. Bryan is back at his desk as an automobile underwriter for Fireman's Fund at San Francisco, after the latest in a series of hospital sieges which have caused him to spend more than three of his 12 years with the company in the hospital. Mr. Bryan returned to work at his own request despite a broken hip which is still mending. He lost his legs eight years ago and walks on artificial limbs. He was a flyer in the first war. Mr. Bryan's stays have won him many friends at Letterman General Hospital. Between hospitalizations he has made it a point to make almost daily visits to veterans there to help their morale. So outstanding has his contribution in this respect been that he has received a personal letter of commendation from the army surgeon general.

## Unusual opportunity for Claims Examiner in home office of large mid-western stock company

This position calls for a high degree of ability, resourcefulness, and judgment, gained from thorough experience handling Bodily Injury Claims. In turn, it offers an excellent starting salary with unlimited future possibilities . . . in a company noted for its pleasant working conditions. Write giving sufficient information for the arrangement of a personal interview.

Box T-16

The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois



# Hospital Insurers Must Provide for Shock Losses

NEW YORK—Insurers in the hospitalization field must be prepared to assume shock losses which are not fully assumed by the non-profit associations, P. J. Burns, Eagle-Globe-Royal Indemnity, said at the 2-day educational forum here of Bureau of A. & H. Underwriters.

Instead of limiting forms to confinement in any one year, "we must be prepared to offer 21 days as a minimum, 70 days for each accident or sickness. We must eliminate as many exclusions as possible and our waiting periods should be designed to eliminate the moral hazard of an individual purchasing insurance for an 'immediate' anticipated loss. Our language must be simple and to make our program more attractive, we must include surgical benefits and nurses' benefits, optionally, or otherwise."

Of the policies examined in a study by Mr. Burns and a committee of company men 92% excluded accidents or sicknesses covered under workmen's compensation or occupational disease acts, whereas but 8% were fully non-occupational. From the standpoint of complete coverage, the first is considered more advantageous to the public than a non-occupational contract.

## Other Provisions

Few companies use a minimum period of hospital confinement, 82% of forms examined provide a limit of 60 days of confinement or longer, 53% provide for flat payment of the purchased limit of daily hospital benefit irrespective of the charges made by the hospital for confinement.

In underwriting hospital expense insurance, R. E. Ryan of the same companies said it is a mistake to rely solely for protection on a pre-existing condition exclusion, waiting periods for more common conditions and limited payments as in the case of maternity. Underwriting should be completed before a policy is issued. Then insured rightfully expects he has protection and the hospital that may grant credit on entry expects insurer to honor assignments. The insurer's biggest asset is the faith of the buying public. Don't expect adjusters to do the underwriting when loss is presented.

## Full Length Application

Robert W. Carey of Eagle-Globe-Royal urged securing a full length application for the hospital expense policy. The sole advantage of the short form is to increase sales, but he doubts if a sale ever fell through because the application was a bit more comprehensive than usual. If the agent understands he is handling future claims when he takes the application, he will not object to the use of an adequate form. Prospects for this form of insurance are those persons whose insurance has been terminated under a group risk due to leaving the employment of the insured group or terminations of the entire group plan and individuals in the middle and higher income bracket who desire additional payment of claims when there was no question of liability. Where there is a question of a pre-existing condition a copy of the hospital records should be secured because the patient will invariably tell all at the time of hospital entry.

Gerald S. Parker, Preferred Accident, in discussing the benefit provisions of family expense hospital coverage said that because of different state laws and varying insurance department interpretations, at least 26 different variations of a basic policy would be needed to secure nation-wide approval.

## Dependent Riders

Fred Corby, Home Indemnity, noted that application of the dependent rider principles to health and hospital policies can go a long way towards solving the into it.

problem of multiple policy forms and family expense policies within the framework of the present-day individual policy forms.

The discussion on franchise accident and health insurance was led by Harry L. Graham, Manufacturers Casualty, and was based upon a study by Mr. Graham and by J. L. Smithson, Indemnity of North America. Many companies are writing franchise insurance in theory without being aware of it, Mr. Graham said. In some states the commissioners' franchise definition has become a part of the insurance law, in others an attractive rate is made possible by department rulings. Where there are no rulings or definitions, a policy can be written providing for less than usual benefits with lower rates to be sold on a franchise plan. To avoid discrimination, policy would have to be available to general public. Or based on savings to a company, a reduction in rates might be justified if premium payments were by payroll deduction and maintenance of membership of the group thus insured. He said careful examination should be made of the discrimination and rebate laws, if any, of the states under consideration.

J. F. Follman, Jr., manager of the bureau, reviewed recent regulatory developments. The industry will not oppose the accident and sickness policy provisions bill in any state this year provided the bill is "uniform," including the amendments proposed by industry, he said.

The type of minimum benefits and coverages legislation requested by the California department would be opposed by the business, he stated, and called attention to certain requirements in specific states, chief among the recent actions by Missouri, Kansas, California and Virginia departments along this line.

## Iron Workers Program

A comprehensive welfare program became effective this week with the signing of an agreement between Iron Workers locals 40 and 361, AFL, employers belonging to Allied Metal Industries, and independent employers.

The iron workers welfare fund, which will cover 1,800 iron and structural steel workers in the greater New York area, will provide \$1,500 life insurance, \$1,500

accidental death and dismemberment, up to \$25 weekly accident and sickness benefits, semi-private hospitalization benefits for the employee and his family, and surgical benefits up to \$225. Martin E. Segal & Co., group insurance specialists, New York, made the actuarial studies which established the basis for the fund.

The fund is being financed by contributions of 3% of gross payroll and is administered by an equal number of employer and union trustees. The estimated annual cost will exceed \$100,000. Union Labor Life is writing the life and accident and Associated Hospital Service of New York the other benefits.

## Insurers Aim to Capture Much T.D.B. from State Fund

NEWARK—Heartened by their success in covering New Jersey employers for temporary disability benefits under private plans, group men are concentrating on capturing for their companies as much of the state-fund business as possible by April 1. Such changes are permitted by state law on a quarterly basis. In California the companies were able practically to double their original production with business taken from the state fund.

"SURE YOU CAN SUE!"

said her lawyer



Products Liability takes many a manufacturer unawares. It can be a profitable source of extra income for you.

A woman takes sick after using a product. A child is injured by another product. The manufacturer can be sued ... and often is with resulting serious financial losses.

Many manufacturers and wholesalers

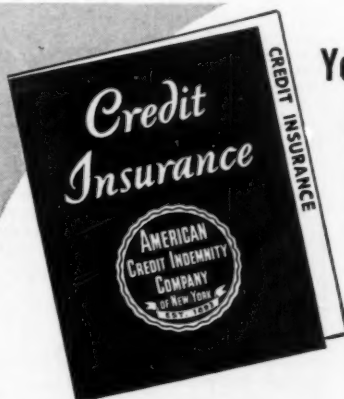
and retailers, too, fail to realize the extent of their responsibility in this regard. Even misuse or misapplication of the product doesn't necessarily give them an out.

You're passing up a profitable source of premium income if you don't start writing Products Liability Contracts. Some risks are not acceptable in the regular markets today which we can write for you. Submit these risks to us.

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## NEWS OF THE CASUALTY COMPANIES

### Banner Year for Continental Cas.

New high totals of assets, surplus and volume of business are shown in the new financial statement of Continental Casualty.

Operating profit before income tax was \$6,746,205, consisting of underwriting profit totaling \$4,687,626 and net investment income of \$2,058,579. After providing \$2½ million for income tax, net income was \$4,246,205 as compared with \$2,794,704 in 1947. Net premiums written increased \$13,590,363 to a total of \$77,668,318. During the year \$4,713,620 was added to the premium reserve.

Assets were \$103,837,503, an increase of \$14,353,834, and surplus was \$20,641,385, an increase of \$2,809,708. Contingency reserve was increased \$400,000 to \$7,350,000 while capital remained unchanged at \$6 million.

Premiums earned by Continental Casualty were \$72,954,698, losses incurred \$34,075,551, loss expense incurred \$4,694,365 and underwriting expense and miscellaneous profit and loss items totaled \$29,497,154.

### Employers Re Has Strong Showing

Employers Reinsurance in its 1948 statement reports that net written premiums last year were \$24,351,253, which was an increase of \$5,075,289. Premiums earned were \$23,851,175, up \$7,223,729. The general loss ratio excluding loss adjustment expenses was 51.8 as against 49.3 the previous year. Premium reserve including special A. & H. reserve totaled \$10,125,207, an increase of \$500,078. Loss reserve including loss adjustment expenses was \$15,882,184, up \$4,155,264.

Net investment earnings after deducting amortization on bonds and federal income tax was \$668,441. Capital remains at \$2 million, net surplus at \$8 million and voluntary special reserves \$2,100,068 as against \$1,922,791 the previous year.

Cash and government, state and municipal bonds equal 82.2% of assets. Ratio of assets to liabilities other than to stockholders is 140.

Of the \$5 million increase in premiums written, half came from the addition of fire coverage.

### National A. & C. Moving

LOS ANGELES—National Automobile & Casualty, which recently purchased the old Stock Exchange building, has started removal of the home office to the new location, 639 South Spring street. About 20% of the home

office departments now are in the new quarters.

### Aetna Premiums Are \$85 Million

Aetna Casualty last year scored an increase in premiums of \$14,665,735, the total being \$85,701,795. Assets are now \$148,842,016, an increase of \$16,384,460, surplus is \$31,136,236, up \$1,849,160; a decline in market value of securities of \$1,450,000 was charged to contingency reserve which now stands at \$3,600,000. Premium reserve is higher by \$7,261,150. Net investment income was \$3,165,975 and there was an underwriting profit of \$1,716,995. Federal taxes amounted to \$1,248,791.

Premium income of Automobile was higher by \$2,982,727 and totaled \$38,658,586. Surplus is \$11,537,937, increase \$2,708,253. Contingency reserve is \$2,100,000, lower by \$750,000, net investment income was \$1,180,936 and underwriting profit was \$2,603,777. Also there are undistributed earnings of Standard Fire of Hartford of \$420,071 which accrued to Automobile from its ownership of the stock. Federal taxes were \$1,080,968.

### Maryland Casualty Has Record Premium Total

Gross premium writings of Maryland Casualty in 1948 were \$60,789,346, highest in history, net premiums \$57,353,615, increase 15.1%, also a record. Net operating income was \$3,883,971 before federal, state and foreign income taxes of \$1,210,180, leaving net earnings \$2,673,791, income from interest, dividends and rents accounted for \$1,886,394. Dividends totaling \$997,826 were paid on preferred stocks and \$199,955 on common stock; \$1,375,064 was added to surplus. Profit from underwriting \$1,717,257.

Investment portfolio depreciated \$645,973, as valued according to the commissioners' requirements, but this was covered by funds from contingency reserve, and had no effect on earnings. There remains \$2,570,226 in contingency reserve.

Surplus at year's end was \$18,324,864; surplus to policyholders \$26,433,243.

### Central Surety Records Good Growth in 1948

Central Surety recorded significant gains in all important respects in its 1948 statement. The increase in assets was \$1,866,065, claim reserves were up \$1,069,195, premium reserves were \$285,486 higher and surplus was better by \$309,464. Net premiums written at

\$12,504,140 were the largest ever and were larger than in 1947 by \$658,236. Net earnings after income tax were \$460,324. Assets now stand at \$18,099,702, claim reserve \$7,115,527, premium reserve \$5,055,246 capital \$1 million and net surplus \$3,785,230.

### Dividend Is Increased

Ohio Casualty has paid a semi-annual dividend of 50 cents a share which compares with 40 cents in the past.

### Seaboard Ups Dividend

The quarterly dividend of Seaboard Surety has been increased from 40 cents to 50 cents per share. It is payable Feb. 14 to stock of record Feb. 7.

### Motorists Mutual Reports

Assets of Motorists Mutual of Columbus at Dec. 31 stood at \$4,179,721, surplus and surplus reserves were \$1,240,229, premiums \$3,767,954, increase 27.6%, claims paid \$1,421,317.

**Central Mutual Cas., Mo.**—Assets, \$890,194, inc., \$213,940; unearned prem., \$379,321; loss reserve, \$286,641; loss res., \$286,641; surplus, \$158,396, inc., \$33,157.

	Net	Paid
	Prem.	Losses
Auto liability .....	\$ 290,150	\$ 84,809
Other liability .....	632	.....
Glass .....	25,109	6,468
Auto. prop. damage .....	133,225	49,342
Auto collision .....	188,025	64,588
Other P.D. & coll. ....	231	.....
Other auto .....	120,679	34,142
Totals .....	\$ 758,051	\$ 239,349

**Illinois National Cas.**—Assets, \$3,388,621, inc., \$775,193; unearned prem., \$1,438,889; loss res., \$805,957; capital, \$210,000; surplus, \$809,255, inc., \$146,388.

	Net	Paid
	Prem.	Losses
Auto liability .....	\$1,100,780	\$ 361,973
Other liability .....	17,214	412
Medical (not auto) .....	7,682	2,278
Auto & travel acci. ....	4,844	341
Auto. prop. damage .....	773,035	271,175
Auto collision .....	882,553	342,759
Other P.D. & coll. ....	4,413	568
Other auto .....	398,354	107,677
Totals .....	\$3,188,881	\$1,087,183

**Iowa Mutual Cas. DeWitt.**—Assets, \$2,610,956, increase, \$716,783; unearned prem., \$1,375,318; loss reserve, \$631,439; surplus, \$513,297; increase, \$153,512. Experience:

	Net	Paid
	Prem.	Losses
Auto liability .....	\$ 730,567	\$ 211,684
Other liability .....	154,481	15,307
Workmen's comp. ....	260,232	113,926
Cargo .....	476	445
Glass .....	29,971	13,187
Burglary & theft. ....	38,905	10,297
Auto prop. damage .....	482,687	195,947
Auto collision .....	685,671	308,357
Other P.D. & coll. ....	52,321	23,835
Other auto .....	415,351	122,863
Total .....	\$2,850,664	\$1,015,846

**National Mutual, D. C.**—Assets, \$891,847, inc., \$355,676; unearned prem., \$331,010; loss res., \$307,375; surplus, \$154,012, inc., \$35,785.

	Net	Paid
	Prem.	Losses
Auto liability .....	\$ 367,430	\$ 113,205
Auto. prop. damage .....	386,109	62,783
Auto collision .....	10,449	4,501
Other auto .....	4,325	1,901
Totals .....	\$ 768,312	\$ 182,390

**North American Mutual, Del.**—Assets, \$1,114,421, increase, \$120,251; unearned prem., \$194,713; loss reserve, \$60,145; surplus, \$846,892, increase, \$203,255. Hospitalization .... \$ 928,709 \$ 518,351

**Service Mutual, Texas.**—Assets, \$1,654,139, increase, \$452,901; unearned prem., \$704,122; loss reserve, \$461,999; surplus, \$372,334, inc., \$81,551.

	Net	Paid
	Prem.	Losses
Auto liability .....	\$ 214,666	\$ 80,087
Other liability .....	53,216	24,704
Workmen's comp. ....	574,582	242,595
Glass .....	4,001	1,847
Burglary & theft. ....	4,561	1,071
Auto tornado .....	5,486	137
Extended Coverage .....	53,176	3,887
Auto. prop. damage .....	149,459	67,774
Auto collision .....	205,870	115,090
Other P.D. & coll. ....	17,269	1,974
Other auto .....	116,048	42,651
Fire .....	124,686	41,496
Totals .....	\$1,523,020	\$ 623,313

### Medina Co. Board Elects

Lyman A. Chidsey of Lance & Co., Medina, O., has been elected president of Medina County Insurance Board. W. C. Bascom of Lodi is vice-president, and Robert Gaston of Wadsworth, secretary.

## SURETY

### Aetna Initiates \$23 Million Bonds on U. N. Building

The two largest surety bonds in the history of the business, covering construction of the United Nations Headquarters, were signed last week at the New York office of the Aetna Casualty.

The bonds are in the amount of \$22,809,573, for performance and payment. Both are written to the full amount of the contract price. They were arranged by Aetna, with the help of Maryland Casualty and National Surety. Twenty other companies are co-sureties, and this is also believed to be a record.

The contract is for construction of the 39-story secretariat of the United Nations, to be erected on New York's east side. They also cover completion of foundations for the other structures which will be erected on the United Nations plot. Work on the project is expected to be started in the near future.

The contractor is Fuller-Turner-Walsh-Slatery, Inc., a firm especially established by four large contractors to undertake the project. Cooperating in the new company are George A. Fuller Co., Turner Construction Co., Walsh Construction Co. and Slatery Contracting Co.

Companies underwriting the bonds comprise most of the major surety writers of the country. In addition to those named, other signers will be: U. S. F. & G., Hartford Accident, American Surety, Fidelity & Casualty, Standard Accident, Continental Casualty, Travelers Indemnity, American Employers, New Amsterdam Casualty, General Reinsurance, Fireman's Fund Indemnity, Great American Indemnity, Massachusetts Bonding, Globe Indemnity, Century Indemnity, Glens Falls Indemnity, Home Indemnity, United National Indemnity, Preferred Accident and Metropolitan Casualty.

### Industrial Outlook Told

George N. Hawley, manager of industrial sales of Southern California Edison Co., spoke before Los Angeles A. & H. Underwriters Assn. on the "Industrial Outlook in Southern California for 1949."

President Walter E. Mast heads a committee to consider holding a sales congress.

### Big Bond Executed

Travelers Indemnity has executed through Walter H. Lewis, local agent at Lansing, Mich., performance and payment bonds for Wright Construction Co. of Williamston, Mich., on contract involving \$2,409,127 with U. S. Corps of Engineers for construction of local protection project at Massillon, O. American Surety and Fidelity & Casualty are reinsurers.

### \$663,000 Embezzler Sentenced

James Pellechia, Jr., former vice-president and counsel of Columbus Trust Co., in Newark, has been sentenced to 10 to 15 years in the state prison for admittedly embezzling \$663,000 from the bank to cover gambling losses. The \$11 million bank, owned by the Pellechia family, was taken over by the United States Trust Co. Officials of the Federal Deposit Insurance Corp. indicated that the Pellechia family and other stockholders would probably lose every dollar they had invested.

### C.P.C.U. Group in So. Ill.

A C.P.C.U. study group of 25 persons has been organized at Springfield, Ill. Frank Miley, W. A. Alexander & Co., is study program chairman. The meetings are temporarily being conducted at the offices of Hawkeye Casualty.

## AMERICAN RE-INSURANCE CO.

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DECEMBER 31st, 1947

CAPITAL .....	\$ 4,000,000.00
Surplus .....	8,534,246.69
Voluntary Contingency Reserve .....	750,000.00
Surplus to Policyholders .....	\$13,284,246.69
Reserve for Losses .....	9,067,162.48
All Other Liabilities .....	7,863,979.80
<b>TOTAL ADMITTED ASSETS</b> .....	<b>\$30,215,388.77</b>

NOTE: Securities carried at \$700,000.00 in the above statement are deposited as required by law.

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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Gregory & Appel Move to New Indiana Home

The pioneer Indianapolis local agency of Gregory & Appel moved into its new building Feb. 1. The building is one story, stone front, completely air conditioned, with radiant heating and sound proofed ceiling. It provides more than 3,600 feet of space for the 22 solicitors and employees.

Gregory & Appel was founded in 1884 and is one of the largest insurance agencies in Indiana. Fred G. Appel is chairman; John C. Appel, president; Merrill M. Waltman, treasurer; and Edward J. Ransel, secretary.

An open house was held the evening of Feb. 1. Guests included: Frank Hanley and R. E. Minner, vice-presidents of Home; Richard Osgood, vice-president North America; Oscar Gleiser, deputy U. S. manager of Commercial Union; A. J. Wohlgenuth, president of the Rough Notes Co.; Chapman Jones, superintendent of agencies, and Charles Cotsworth, assistant vice-president of American Auto; E. E. Johnson and Sidney Hoyt, vice-presidents of Massachusetts Bonding, and Commissioner Viehmann of Indiana.

### Farm Mutuals Seek Changes

ST. PAUL—Small farmers mutual insurance companies will ask the state legislature at this session to permit them to write fire business in towns up to 1,500 population. At its annual meeting at St. Paul, the Minnesota Assn. of Farm Mutual Insurance Companies adopted a resolution requesting this concession and a legislative committee was named to try to get approval at the present session. Under the law, the small farm mutuals are permitted to write in towns up to 1,250 people, but many of these towns have now increased in population.

In his annual address, Frank P. Powers of Mora, the retiring president, warned the companies to be alert and not get caught napping when property values decline. He advised careful revaluations and reappraisals to meet possible changed conditions.

Mr. Powers was reelected to his former post of treasurer. Albert Nelson was elected president for 1949; Robert Shogquist, Clinton, vice-president; A. E. Anderson, Cottonwood, secretary, and Waldemar Anderson, Cottonwood, assistant secretary. Commissioner Harris addressed the convention.

### Consider Standard Policy

MINNEAPOLIS—Field men representing the Minnesota Underwriters Assn. met Monday with local agents, both stock and mutual, to discuss the New York standard policy, which is being urged for adoption in Minnesota. A previous story about these discussions erroneously quoted Jess Bradley of Duluth, president of the Minnesota Assn. of Insurance Agents, instead of Tom W. Von Kuster, president of the Minneapolis local board.

### District Rally at Pontiac

PONTIAC, MICH.—Short courses in fire and casualty lines and talks on state and federal legislation and the association's educational program marked a district meeting of Michigan Assn. of Insurance Agents here with about 70 attending. J. L. Van Wagener, executive committeeman for the district, presided.

C. C. Ippenlatz, Crum & Forster, Detroit, conducted the instruction session in fire lines and Harris B. Carr, Fidelity

& Casualty, Detroit, directed the casualty study.

Commissioner Forbes spoke at the banquet on his recent conferences with FTC. Russell A. Bradley, Ann Arbor, association president, talked on traffic accident prevention, and Waldo O. Hildebrand, secretary-manager, on the legislative and educational programs. Howard Huttenlocher, past state president, was toastmaster.

### Entertain Mich. Solons

LANSING, MICH.—All members of the ways and means and insurance committees of the Michigan house attended a luncheon given by Michigan Assn. of Insurance Agents for a discussion of departmental appropriation needs. Commissioner Forbes met with the group, along with state association officers.

### Accountants Hear Wilson

KALAMAZOO, MICH.—Necessity for bringing insurance coverage up to today's property valuations was emphasized in a talk to Kalamazoo Accountants Assn. by James M. Wilson, veteran local agent.

He advised that selection of any business firm's insurance advisers be made with the same care given the choice of other professional advisers, such as lawyers and doctors. He said they should be provided with all available information regarding the firm's financial and material status. If the right agents are chosen, he said, such information would be held in strictest confidence and would assure that insurance needs were properly cared for at all times.

### Minnesota Buyers Elect

MINNEAPOLIS—New officers of Insurance Buyers Assn. of Minnesota are: Joseph M. Meehan, F. H. Peavey & Co., president; H. H. Baker, Waldorf Paper Products Co., vice-president; Lilian K. Polzin, Minneapolis Chamber of Commerce, secretary.

### Start Minneapolis Course

MINNEAPOLIS—Registrations are now being taken for the spring educational course sponsored by Insurance Agents Assn. of Minneapolis, beginning Feb. 7. The N.A.I.A. standard course will be given with these instructors: Arthur P. Smith, local agent, "Agency Management"; H. Paul Donaldson, Aetna Casualty, "General Liability"; Edgar R. Barton, assistant manager U. S. F. & G., "Automobile Liability." The course will run 15 weeks.

### Show New Films at Wichita

City and fire department officials were guests of the Wichita Assn. of Insurance Agents at a meeting at which the National Board films "Crimes of Carelessness," "Texas City Comes Back," and "Before the Alarm" were shown. The 1949 budget recommended by the executive committee was approved.

### Crawford Co., Kan., Dinner

The Crawford County (Kan.) Insurers have scheduled a dinner meeting for Feb. 15 at Pittsburg to be addressed by Commissioner Sullivan. Agents in surrounding counties are invited. Alpha H. Kenna, executive manager, also will participate.

### Reject Salary Boost Bill

DES MOINES—The house insurance committee turned down a proposed bill to establish a salary scale of \$150 a week for examiners on foreign companies and \$120 on domestic companies,

and \$90 a week for assistant examiners. The present scale is \$20 a day for examiners and \$15 a day for assistant examiners.

### Discuss Kan. Drivers' Bill

The Hutchinson Board discussed the proposed revision to the drivers' license law at the February meeting, which was attended by Representatives Harry Dunn and F. A. Mundell of Reno county.

### Kan. Agents' Dinner Meeting

The executive committee of the Kansas Assn. of Insurance Agents is meeting Feb. 3 at Topeka and will have a dinner meeting at which members of the insurance committees of the Kansas house and senate and Insurance Commissioner Sullivan will be guests.

### Three New Directors

Homer Warren & Co. of Detroit has elected as new directors Robert J. Grow, Homer B. Wells and J. Alfred Grow, Jr.

### Nebraska 1752 Club Elects

Joseph J. Kutilek, Crocker Claims Service, Omaha, has been elected president of Nebraska 1752 Club succeeding David E. Harnley, Capitol Fire of Lincoln.

A. C. Morton, Farmers Mutual of Nebraska, is vice-president; Charles N. Barr, Standard Casualty of Lincoln, is secretary, and Walter E. Symonds, Nebraska Hardware Mutual, is treasurer.

### Convention for Managers

American Farmers Mutual, Central Mutual Fire and Mutual Service Life, all of St. Paul, held a district convention for managers at Minneapolis.

### Study Public Relations Plan

HIBBING, MINN.—The joint public relations program of the Minnesota Underwriters Assn. and Minnesota Assn. of Insurance Agents was considered at a meeting of the Range Underwriters Assn.

### Flint Loss \$1 Million

The insurance loss in the fire at Flint, Mich., that involved an old building block of two clothing stores, shirt shop, shoe shop, optometrist and Catholic shop is now estimated at about \$1,050,000 of which \$750,000 is contents, \$116,000 buildings and \$190,000 U. & O.

William J. Coffee has opened an agency at Decatur, Ind. He has been in the insurance business four years.

Joseph M. Volk and John F. McGuire have been elected vice-presidents of the C. C. Shanklin Co. agency at Cleveland. The Valley Insurance Agency has been opened at Ironton, O., with Tazewell W. Pearson of Albany, Ga., as manager.

Clarence B. Mateer has sold his agency at Bismarck, Mo., to John E. Reagan, who has operated a local agency there for some years.

The Bank Insurance Agency, Bolivar, Mo., has purchased the James O. Ryan agency.

Ray B. Sagehorn has purchased the Osceola Insurance Agency, Osceola, Mo., which was operated for many years by the late J. W. Baer and Charles H. Green.

Lauren W. Jones, Dodge City, past president Kansas Assn. of Insurance Agents who is chairman of the Kansas state school board legislative committee, was in Wichita to participate in a panel on "School Issues Facing the Legislature" before a meeting of the council of administration of the state association.

Ralph Lightner, well known Wichita agent, has been reelected president of the Y. M. C. A. and C. Ray Tyler, past president Wichita A. & H. Underwriters, was named secretary. Insurance men on the board include Charles K. Foote, of Beasley, Outland & Foote; Emmett T. Ireland, Penn Mutual and Clayton Mammel, home office general agent of Farmers & Bankers.

## SOUTH

### Southern 1752 Club Holding N. Carolina Agency Clinics

The Southern 1752 Club, mutual field organization, is conducting four clinics in North Carolina. Sessions at Charlotte and Winston-Salem are being held this week and there will be one at Raleigh Feb. 8 and Greenville Feb. 10. In each case, there will be a moderator and fire and casualty panels of field men, assisted by agents from each city.

C. R. Marshall, Charlotte, general agent, who is president of the club, and D. E. Evans, Greensboro, Iowa Mutual Liability, chairman of the clinic committee, will be moderators at the Raleigh and Greenville sessions. Members of the panels will include C. H. Schultz, Danville, Va., Michigan Millers; H. D. Haywood, Raleigh, Northwestern Mutual Fire; J. D. Randolph, Greenville, S. C., Zachary general agency; B. W. Griffiths, Charlotte, Lumber Mutual of New York, and H. C. Cox, Greer, S. C., Ratteree general agency.

Agents participating are: Charlotte: C. C. Fox, David Blackwell, B. T. Turner and Al Field; Winston-Salem: Murray White, Harry Elliott, Grover Godwin and George Morgan; Raleigh: Frank Pinnell, P. P. Phillips, Thomas Williams and J. T. Green; Greenville: E. B. Towse, George Fountain, H. G. Latimer, Jr., and D. L. Alford.

### Loss at Wilmington, N. C., Is Set at \$450,000

WILMINGTON, N. C.—Loss in the Jan. 21 fire here will total about \$450,000 with about \$450,000 insurance in stock and mutual companies. Buildings that are a total loss include the five story Orton hotel, Cinderella Booterie, Sally Frocks, Fashion Center, and Royal Theater on North Front street. There is water and smoke damage to adjacent buildings on Front street and also Water street, especially to Cross Seed Co. The fire started in the rear of Cinderella Booterie.

### Blanket Temporary Approval Given to Va. Rating Plans

RICHMOND—Pending a full investigation, temporary approval has been given by Virginia corporation commission to filings of manuals of classifications, rules and rates and rating plans and modifications thereof pursuant to the 1948 rating law. Certain lines including sprinklered risks not heretofore required to file rates, rules and rating plans with the commission are now required to do so.

The order does not apply to fidelity and surety, automobile B.I. and P.D. and workmen's compensation.

No date has been fixed for the full investigation of the filings which have been temporarily approved.

### Alabama Regionals and Mid-Year Meeting Set

Alabama Assn. of Insurance Agents will hold regional meetings at Selma Feb. 8, Birmingham Feb. 9 and Gadsden Feb. 10.

Maurice Herndon, assistant director of the N.A.I.A. Washington office, will lead one of the important discussions and answer questions in an open forum in which everyone will participate.

O. Shaw Johnson, vice-president and chairman of the executive committee of N.A.I.A., is expected to be present to help discuss local problems and inform the agents on National association activities.

Officers of the Alabama association

who will take part are Neal Morgan, Heflin, president; W. O. Thomas, Birmingham, vice-president; Chris B. Heinz, Selma, chairman executive committee, and Millard R. McGruder, secretary.

Other key men to bring important information will be Jesse C. Hearn, Roanoke, Alabama state national director; Wilbur K. Allen, chairman Southern Territorial Conference and chairman of the Alabama legislative committee; W. C. Shackelford, Birmingham, vice-chairman of the committee on rates, rules and forms.

Mr. Heinz, who also is director of district 6, will preside at the Selma meeting. David Hamilton, president Birmingham Assn. of Insurance Agents, will direct the session there, and Jack W. Jones, Gadsden, president Etowah County Assn. of Insurance Agents, will be in charge of the Gadsden meeting.

The mid-year meeting of the Alabama association will be held at Huntsville April 22-23. A feature of the meeting will be an educational forum, with company men and local agents serving as a panel of "experts."

Wilbur K. Allen of Birmingham will be "moderator" and it is expected that a large number of agents will take part. Topics will include fire and casualty lines, the assigned risk plan, rating, agency problems, legislation, etc.

The executive committee will meet the morning of April 22 and that afternoon there will be a closed meeting for members only.

The Huntsville Board, host organization, will entertain at a cocktail hour and dinner the evening of April 22.

### Dickens Opens New Office

W. L. Dickens, independent adjuster at Memphis, has opened a branch office at 8 Kantor Building, Greenwood, Miss., in charge of Charles E. Hony. He will handle fire, windstorm, automobile and casualty claims. Mr. Hony has had nine years' experience in insurance and claim work.

### Baylor Merges His Agency

The R. Staley Baylor agency of Greensboro, N. C., has merged with Richardson Realty, Inc. Mr. Baylor becomes vice-president in charge of the insurance department. He has been a resident of Greensboro for 19 years and was with Employers Liability 18 years. He has operated his own agency for two years.

### Approve N. C. School Raise

RALEIGH — The North Carolina state insurance advisory board voted unanimously to uphold the action of Commissioner Hodges last June in granting a 25% increase in fire rates on public school buildings. This answered a protest filed by the state board of education. The board approved the contention of Mr. Hodges that the increase on the basis of figures showing a loss ratio of 74.35% was justified.

### Ragland C.P.C.U. Head

Alphonso Ragland, Jr., past president Dallas Insurance Agents Assn., has been elected president of the Southwest chapter of C.P.C.U. and will be general chairman of the November meeting in Dallas of the national society. Willard Crotty, Dallas, is chapter vice-president; W. H. A. Terry, Fort Worth, secretary. Alfonso Johnson, Dallas, executive secretary of the Southwest chapter, will help with arrangements for the national meeting.

Miss Sally Nowlin, past president of Insurance Women of San Antonio and of the Federation of Insurance Women of Texas, who was formerly special agent for Cravens, Dargan & Co., and recently manager of the automobile underwriting department of the J. W. Summers general agency of San Antonio, was married to Sgt. James H. Robinson, secretary of the Officers Club, at Fort Sam Houston.

## PACIFIC COAST AND MOUNTAIN

### California Association Holds Regional Parleys

California Assn. of Insurance Agents held southern California regional meetings at Santa Ana Feb. 1 and at Santa Monica and Glendale, Feb. 2. Vice-president Harold E. Barnhart was the principal speaker and Executive Secretary E. E. Hayden attended.

Other meetings scheduled are: Feb. 3—Pasadena and Santa Barbara, Feb. 14—Long Beach and Los Angeles, Feb. 15—San Diego, Feb. 16—Imperial Valley and Riverside.

### Opens Sacramento Branch

Providence Washington has opened a branch in the Bank of America building, Sacramento, with John J. Curtin as manager. John J. King, who has been with a local agency at Oakland the past year, has gone with Providence Washington as engineer, replacing Mr. Curtin.

Before the war Mr. Curtin was with America Fore. After seeing army duty he was with Cosgrove & Co. at Seattle and San Francisco and since 1945 has been fire prevention and safety engineer in the P. W. coast department. He is a graduate of San Francisco University.

Mr. King is a graduate of Creighton University. After returning from military service he was with Pacific Fire Rating Bureau until a year ago.

### Mrs. Cook Assistant Manager

LOS ANGELES—Mrs. Veria Cook, for several years secretary in the office of Insurance Assn. of Los Angeles, has been named assistant manager.

She spoke before Hollywood Assn. of Insurance Agents on "Why Insurance Girls Quit Their Jobs."

### Big Utah Salt Plant Loss

SALT LAKE CITY—The Royal Crystal Salt Co., mill and refinery, situated on the shore of Great Salt Lake, about 15 miles west of here, was destroyed by fire, entailing loss estimated at close to \$1 million, with full insurance coverage. Firemen responded promptly but lack of water and zero weather hampered their efforts to bring the fire under control.

### G.A.B. Advances Warner

General Adjustment Bureau has promoted Donald W. Warner to manager at Reno, Nev. He has been at Sacramento. In his new position he succeeds

S. R. Aitken, who has been assigned to San Francisco.

Mr. Warner has had more than 20 years experience in loss adjustment, with Underwriters Adjusting and United Adjustment & Inspection.

Elon J. Notley has joined G.A.B. at Tucson. He has been adjuster and claims manager in Arizona for Aetna Casualty.

### Parrott in Agency Work

Samuel R. Parrott has joined with Wray D. Farmin and F. Wallace Rothrock of Farmin & Rothrock, Spokane, to form the new agency of Farmin, Rothrock & Parrott.

Mr. Parrott has been with Idaho Fire Insurance Rating Bureau for several years. Recently he was appointed supervisor for Springfield F. & M. He also has acquired an interest in the Farmin agency at Sandpoint, Idaho, and in the Consolidated agency at Wallace, Idaho.

### New Birmingham Officers

David W. Hamilton has been installed as president of Birmingham Assn. of Insurance Agents. Lee McGriff is vice-president; Charles MacNamara of Ed S. Moore, Inc., secretary; Joseph M. Ford of Ford, Myatt & Ebaugh and Landers Sevier III, Sevier Insurance Agency, members of the executive committee.

## CANADIAN

### Probe Licensing of Agents

TORONTO—Assn. of Superintendents of Insurance of Canada is working on the question of licensing and regulating agents. A committee of the association with Georges Lafrance of Quebec as chairman is considering several proposals.

### Lewis Canadian Manager

Springfield Fire & Marine has appointed Llewellyn L. Lewis manager for Canada. He succeeds Gordon E. Findlay, retired. Mr. Lewis formerly was with London & Lancashire and North America.

### Adopt U. S. Auto Classes in Ont.

Ontario automobile writing companies have adopted the U. S. method of rating drivers as to pleasure risks. Drivers in the 25 to 70 age bracket have been given

a rate reduction of about \$4 and will pay \$27 a year for public liability and property damage ordinary limits.

John A. MacPhee, formerly with North American Life and later with Commercial Agencies at Edmonton, is now acting deputy superintendent of insurance for Alberta.

## EAST

### Roach Assistant Manager in New England for American

American has appointed Martin F. Roach as assistant manager of the New England department.

Mr. Roach has been with the New England department for 25 years, except for two years during war 2. Starting as a map clerk in 1924, he was promoted to examiner, office manager, chief underwriter, and special agent for the Boston and metropolitan district.

### Boston Adjusters Elect

BOSTON—Boston Assn. of Independent Adjusters has elected as president, Edgar T. Downs; vice-presidents, Matthew J. Dailey and George L. Chandley; secretary-treasurer, James Beck; directors, Oliver A. Johnson, Earl J. d'Entremont and Daniel J. McCluskey.

### Lawrence Board Elects

The Board of Fire & Casualty Underwriters of Lawrence, Mass., has elected officers: President, Joseph F. Walsh, Jr.; vice-president, Paul G. Campbell; treasurer, Mildred I. Coleman; secretary, John P. O'Reilly. It was voted to conduct a course of study for agents this season under direction of Massachusetts Assn. of Insurance Agents and Bay State Club.

### Grading Schedule Studied

Smoke & Cinder Club of Pittsburgh has held the first of four review conferences on application of the new uniform grading schedule in cooperation with Middle Department Assn. of Fire Underwriters. The others will be held Feb. 7, Feb. 21, and March 7. The instructor representing the middle department is L. C. Beutler.

### Pittsburgh Celebration

The Tucker, Johnson & Smeltzer agency of Pittsburgh is celebrating its 25th anniversary. It was started by Raymond A. Tucker, who had previously served 10 years with Travelers at Hartford as a statistical clerk in the president's office and later as assistant manager at Pittsburgh after returning from military service in the first war.

Arthur S. Johnston in 1929 became a partner after leaving Westinghouse Airbrake Co. In 1945 Crosby T. Smeltzer, formerly assistant manager of American Surety became a partner.

### Outlines "Other Industries" Setup

Rendering assistance on insurance matters to national trade associations of other industries is an important current project of National Assn. of Insurance Agents, Oscar West, Washington representative of N.A.I.A. declared in his talk before the District of Columbia association. Members of other trade groups are clients of N.A.I.A. members all over the country, and this activity at the national level fans out to local associations where specific programs are made, he said.

Mr. West announced that N.A.I.A. has agreed to furnish speakers on insurance at state and regional meetings of plumbing industry groups.

### Weaver Executive Manager

Tom R. Weaver has been named full time executive manager of the Oklahoma Assn. of Insurance Agents. He is the association's first full time executive.



"I NEVER WORRY ABOUT CUTTING PEOPLE ANYMORE, SINCE I CARRY COMPREHENSIVE LIABILITY INSURANCE."



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## Famous American Homes

# Castle in Sleepy Hollow *Trading Post of a Patroon*



"The Widow Beckman's parlor"



products of the estate in exchange for goods from far-off lands.

According to local legend when Philipse was building the mill dam, it kept washing away. Then a slave told of his dream that Philipse would not be successful in his efforts until he erected a church to the glory of God. Thereupon he built the nearby Sleepy Hollow Church and, as foretold, work on the dam proceeded satisfactorily.

During the Revolution, because the Philipse family, like many of their neighbors, were loyalists, the estate was confiscated and the Lord of the Manor obliged to flee to England. The house itself together with 750 acres was purchased by Gerard G. Beekman, husband of the famous Cornelia Van Cortlandt, and in 1785 the wooden wing, now known as the Beekman addition, was built.

In the Beekman wing are relics dealing with the capture of the British spy, Major Andre, in which Cornelia Beekman played a part. An American officer left a valise containing his uniform in the house where she was living, and though a Royalist attempted to secure the valise, the patriotic Cornelia was able to foil him, thereby depriving Andre of a desired disguise.

Through the generosity of John D. Rockefeller, Jr., Philipse Castle has now been restored and is maintained as a museum.

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**T**O GUARD against Indians, river raiders and other marauders likely to prey on a wealthy landowner, Frederick Philipse made his house a sort of fortress. Its stone walls were two feet thick and seven-foot cannon were placed in a row of gun ports facing the Hudson. In the cellar a year's supply of food could be stored and there was an emergency stable in which

cattle could be quartered during a raid. A secret room provided refuge from unwelcome visitors.

Now known as Philipse Castle, the house which is located in the Sleepy Hollow section of Tarrytown, New York, was erected in 1683 as country seat, manorial office and trading post of a pioneer industrial settlement. Philipse, who built the house, was one of the earliest and greatest of the patroons. On the estate was produced virtually everything needed to feed, clothe and house the family and tenants. There were facilities for dairying, spinning, carpentering, coopering and smithing; there was a mill where the farmers brought their grain to be ground. With typical Dutch thrift, Philipse utilized every asset. The water which turned the mill-wheel was made to form a basin where ships could be loaded with



Manorial office; set up for business even to the sanded floor

# WANTED FOR HOME-ICIDE



While you read this, a home is burning somewhere in America!

Annually, FIRE destroys \$700 million in HOMES and other property, and snuffs out 12,000 precious lives.

Arrest this murderer of life and property. Stop fires. Prevent loss.

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